

The Ontario Securities Commission

# OSC Bulletin

August 18, 2000

Volume 23, Issue 33

(2000), 23 OSCB

The Ontario Securities Commission Administers the  
Securities Act of Ontario (R.S.O. 1990, c.S.5) and the  
Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

**The Ontario Securities Commission**

Cadillac Fairview Tower  
Suite 800, Box 55  
20 Queen Street West  
Toronto, Ontario  
M5H 3S8

Published under the authority of the Commission by:

**IHS/Micromedia Limited**  
20 Victoria Street  
Toronto, Ontario  
M5C 2N8

(416)597-0681

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The OSC Bulletin is published weekly by Micromedia, a division of IHS Canada, under the authority of the Ontario Securities Commission.

Subscriptions are available from Micromedia.limited at the price of \$520 per year. Alternatively, weekly issues are available in microfiche form at a price of \$385 per year. Back volumes are also available on microfiche:

2000	\$475
1999	\$450
1997-98	\$400/yr
1995-1996	\$385/yr
1994:	\$370
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Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	\$110
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Single issues of the printed Bulletin are available at \$33.00 per copy as long as supplies are available. OSC Bulletin Plus, a full text searchable CD-ROM containing OSC Bulletin material from January 1994 is available from Micromedia Limited. The sample issue of the OSC Bulletin is available on the internet at:

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ISSN 0226-9325



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## Chapter 1

# Notices / News Releases

1.1	Notices		<u>SCHEDULED OSC HEARINGS</u>																																				
1.1.1	<p><b>Current Proceedings Before The Ontario Securities Commission</b></p> <p style="text-align: center;"><b>August 18, 2000</b></p> <p style="text-align: center;"><b>CURRENT PROCEEDINGS</b></p> <p style="text-align: center;"><b>BEFORE</b></p> <p style="text-align: center;"><b>ONTARIO SECURITIES COMMISSION</b></p> <p style="text-align: center;">-----</p> <p>Unless otherwise indicated in the date column, all hearings will take place at the following location:</p> <p style="margin-left: 40px;">The Harry S. Bray Hearing Room Ontario Securities Commission Cadillac Fairview Tower Suite 1700, Box 55 20 Queen Street West Toronto, Ontario M5H 3S8</p> <p>Telephone: 416- 597-0681      Telecopiers: 416-593-8348</p> <p><b>CDS</b> <span style="float: right;"><b>TDX 76</b></span></p> <p>Late Mail depository on the 19th Floor until 6:00 p.m.</p> <p style="text-align: center;">-----</p> <p style="text-align: center;"><u>THE COMMISSIONERS</u></p> <table style="width: 100%; border: none;"> <tr><td>David A. Brown, Q.C., Chair</td><td style="text-align: center;">—</td><td>DAB</td></tr> <tr><td>John A. Geller, Q.C., Vice-Chair</td><td style="text-align: center;">—</td><td>JAG</td></tr> <tr><td>Howard Wetston, Q.C. Vice-Chair</td><td style="text-align: center;">—</td><td>HW</td></tr> <tr><td>Kerry D. Adams, FCA</td><td style="text-align: center;">—</td><td>KDA</td></tr> <tr><td>Stephen N. Adams, Q.C.</td><td style="text-align: center;">—</td><td>SNA</td></tr> <tr><td>Derek Brown</td><td style="text-align: center;">—</td><td>DB</td></tr> <tr><td>Morley P. Carscallen, FCA</td><td style="text-align: center;">—</td><td>MPC</td></tr> <tr><td>Robert W. Davis, FCA</td><td style="text-align: center;">—</td><td>RWD</td></tr> <tr><td>John F. (Jake) Howard, Q.C.</td><td style="text-align: center;">—</td><td>JFH</td></tr> <tr><td>Robert W. Korthals</td><td style="text-align: center;">—</td><td>RWK</td></tr> <tr><td>Mary Theresa McLeod</td><td style="text-align: center;">—</td><td>MTM</td></tr> <tr><td>R. Stephen Paddon, Q.C</td><td style="text-align: center;">—</td><td>RSP</td></tr> </table>	David A. Brown, Q.C., Chair	—	DAB	John A. Geller, Q.C., Vice-Chair	—	JAG	Howard Wetston, Q.C. Vice-Chair	—	HW	Kerry D. Adams, FCA	—	KDA	Stephen N. Adams, Q.C.	—	SNA	Derek Brown	—	DB	Morley P. Carscallen, FCA	—	MPC	Robert W. Davis, FCA	—	RWD	John F. (Jake) Howard, Q.C.	—	JFH	Robert W. Korthals	—	RWK	Mary Theresa McLeod	—	MTM	R. Stephen Paddon, Q.C	—	RSP	<p>Date to be announced</p> <p>Date to be announced</p> <p>Date to be announced</p> <p>Aug22/2000 10:00 a.m.</p> <p>May 7/2001 10:00 a.m.</p>	<p><b>Amalgamated Income Limited Partnership and 479660 B.C. Ltd.</b></p> <p>s. 127 &amp; 127.1 Ms. J. Superina in attendance for staff.</p> <p>Panel: TBA</p> <p><b>2950995 Canada Inc., 153114 Canada Inc., Micheline Charest and Ronald A. Weinberg</b></p> <p>s. 127 Ms. S. Oseni in attendance for staff.</p> <p>Panel: HIW / MPC / RSP</p> <p><b>Noram Capital Management, Inc. and Andrew Willman</b></p> <p>s. 127 Ms. K. Wootton in attendance for staff.</p> <p>Panel: JAG</p> <p><b>Patrick Joseph Kinlin</b></p> <p>s. 127 Mr. I. Smith in attendance for staff.</p> <p>Panel: TBA</p> <p><b>YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney &amp; Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)</b></p> <p>s. 127 Mr. I. Smith in attendance for staff.</p> <p>Panel: HIW / DB / MPC</p>
David A. Brown, Q.C., Chair	—	DAB																																					
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Mary Theresa McLeod	—	MTM																																					
R. Stephen Paddon, Q.C	—	RSP																																					

**ADJOURNED SINE DIE**

DJL Capital Corp. and Dennis John Little

Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier

Irvine James Dyck

M.C.J.C. Holdings Inc. and Michael Cowpland

Robert Thomislav Adzija, Larry Allen Ayres, David Arthur Bending, Marlene Berry, Douglas Cross, Allan Joseph Dorsey, Allan Eizenga, Guy Fangeat, Richard Jules Fangeat, Michael Hersey, George Edward Holmes, Todd Michael Johnston, Michael Thomas Peter Kennelly, John Douglas Kirby, Ernest Kiss, Arthur Krick, Frank Alan Latam, Brian Lawrence, Luke John Mcgee, Ron Masschaele, John Newman, Randall Novak, Normand Riopelle, Robert Louis Rizzuto, And Michael Vaughan

S. B. McLaughlin

2950995 Canada Inc., 153114 Canada Inc., Robert Armstrong, Jack Austin, Suzanne Ayscough, Mary Bradley, Gustavo Candiani, Patricia Carson, Stephen Carson, Lucy Caterina, Micheline Charest, Mark Chernin, Alison Clarke, Susannah Cobbold, Marie-Josée Corbeil, Janet Dellosa, François Deschamps, Marie-Louise Donald, Kelly Elwood, David Ferguson, Louis Fournier, Jean Gauvin, Jeffrey Gerstein, Benny Golan, Menachem Hafsari, Amir Halevy, Jerry Hargadon, Karen Hilderbrand, Jorn Jessen, Bruce J. Kaufman, Mohamed Hafiz Khan, Kathy Kelley, Phillip Kelley, Lori Evans Lama, Patricia Lavoie, Michael Légaré, Pierre H. Lessard, Carol Lobissier, Raymond McManus, Michael Mayberry, Sharon Mayberry, Peter Moss, Mark Neiss, Gideon Nimoy, Hasanain Panju, Andrew Porporino, Stephen F. Reitman, John Reynolds, Mario Ricci, Louise Sansregret, Cassandra Schaffhausen, Andrew Tait, Lesley Taylor, Kim M. Thompson, Daniel Tierney, Barrie Usher, Ronald A. Weinberg, Lawrence P. Yelin and Kath Yelland

**PROVINCIAL DIVISION PROCEEDINGS**

Date to be announced	<b>Michael Cowpland and M.C.J.C. Holdings Inc.</b>	Oct 16/2000 - Dec 22/2000 10:00 a.m.	<b>John Bernard Felderhof</b>
	s. 122 Ms. M. Sopinka in attendance for staff.		Mssrs. J. Naster and I. Smith for staff.
	Ottawa		Courtroom TBA, Provincial Offences Court
			Old City Hall, Toronto
		Dec 4/2000 Dec 5/2000 Dec 6/2000 Dec 7/2000 9:00 a.m. Courtroom N	<b>1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod</b>
Aug 21/2000 Aug 22/2000 9:00 a.m.	<b>Arnold Guettler, Neo-Form North America Corp. and Neo-Form Corporation</b>		s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
	s. 122(1)(c) Mr. D. Ferris in attendance for staff.		
	Court Room No. 124, Provincial Offences Court Old City Hall, Toronto	Jan 29/2001 - Feb 2/2001 9:00 a.m.	<b>Einar Bellfield</b>
			s. 122 Ms. K. Manarin in attendance for staff.
			Courtroom C, Provincial Offences Court Old City Hall, Toronto
Aug 22/2000 10:00 a.m. Pre-trial Conference	<b>Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall</b>		
	s. 122 Ms. J. Superina in attendance for staff.		
Oct 10/2000 - Nov 3/2000 Trial	Court Room No. 9 114 Worsley Street Barrie, Ontario	Reference:	<b>John Stevenson</b> Secretary to the Ontario Securities Commission (416) 593-8145
Aug 28/2000 Sept 18/2000 10:00 a.m.	<b>Glen Harvey Harper</b>		
	s.122(1)(c) Mr. J. Naster in attendance for staff.		
	Courtroom M, Provincial Offences Court Old City Hall, Toronto		

### 1.1.2 Dialogue with the OSC

July 4, 2000

#### *Dialogue with the OSC*

Dear Colleague:

Each year the Ontario Securities Commission sponsors an all-day conference designed to bring the staff of the Commission together with professionals from the financial services industry.

I would like to take this opportunity to invite you to participate in this year's *Dialogue with the OSC* event, now in its sixth successful year, which will take place at the Toronto Sheraton Centre Hotel on October 31<sup>st</sup>, 2000.

This year, the agenda for Dialogue again focuses on the significant regulatory issues and events that have emerged over the past year, including the Ontario Government's plan to merge the OSC with the Financial Services Commission of Ontario. Topics will also include **A Market Regulation Update, Financial Planning, Mutual Funds and the Launch of the MFDA, Enforcement Issues and Current Financial Reporting and Auditing Issues**, among many other interesting and timely items.

The proposed agenda for *Dialogue with the OSC 2000* is attached.

The cost to attend this conference is \$400.00 and for those registering before September 11<sup>th</sup> we are offering an early bird special of \$350.00. To reserve your place, return the attached agenda with your business card and concurrent session choices by facsimile to (416) 593-0249. An invoice will follow. If you have any questions please call *Dialogue with the OSC* registration at (416) 593-7352 before October 20, 2000. Or you may register on-line through the OSC website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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#### *New This Year*

The 2000 edition of *Dialogue with the OSC* will introduce a new and very exciting element to the program. In order to bring our staff and this important event to a greater number of our constituents, we are offering a modified version of Dialogue through a satellite feed to the following locations:

- London
- Sudbury
- Ottawa

During the satellite broadcast, participants at each of the above locations will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

If you are interested in attending Dialogue at one of these locations call (416) 593-7352.

---

I hope you are able to join us either in Toronto, or at one of the other locations across Ontario, for this exciting and informative conference.

Sincerely,

David Brown Q.C.  
Chair

Encl.

# DIALOGUE WITH THE OSC

## Preliminary Agenda & Early Registration

**9:00 a.m. Welcoming Address**

Charlie F. Macfarlane, Executive Director, OSC

**9:10 a.m. Opening Remarks**

David A. Brown, Q.C., Chair of the OSC

**9:30 a.m. Executive Panel**

David Brown, Ontario Securities Commission; Dina Palozzi, Ontario Insurance Commission; Securities Market Participant and FSCO Participant

**10:00 a.m. Panel of Chairs**

Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

**11:00 a.m. Break-Out Session 1**

*(Please check one (1) box only on registration form to indicate concurrent session choice)*

- **Market Regulation Update: Including ATS and the New Markets**  
A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.
- **Enforcement Issues**  
Current themes in enforcement reflecting a more aggressive approach to enforcing the Ontario Securities Act.
- **Corporate Finance: An Update**  
Included in this update are a review of developments in recent filings issues and a report on small business financing.

**11:50 a.m. Break-Out Session 2**

*(Please check one (1) box only on registration form to indicate concurrent session choice)*

- **Mutual Funds: The Launch of the MFDA**  
An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.
- **Strengthening the Secondary Market: Enhancing the Quality of Continuous Disclosure by Reporting Issuers**  
A discussion of legislative, regulatory and operational changes including the developments in Continuous and Integrated Disclosure. Also reviewed SEDI, the System for Electronic Data on Insiders.
- **International Issues: The OSC and the International Securities Regulators**  
A look at the critical issues facing regulators as electronic trading makes borders irrelevant in the age of e-trades and electronic communication. Also included will be a review of the work of the International Accounting Standards Committee.

**12:30 p.m. Lunch**

**1:30 p.m. Luncheon Address**

Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

Tuesday, October 31, 2000 • Sheraton Centre Hotel • Toronto

**Dialogue with the OSC • Tuesday, October 31, 2000 • Sheraton Centre Hotel, Toronto**

**2:00 p.m. Break-Out Session 3**

*(Please check one (1) box only on registration form to indicate concurrent session choice)*

- **Financial Planning Update: The Re-regulation of Advice Project**  
A review of the products and services delivered to customers in view of the retail securities industry's shift in focus from stock trading to financial advice and asset management.
- **Current Financial Reporting and Auditing Issues at the OSC**  
A review of staff positions and current policy directions including a look at GAAP and GAAS.
- **The Latest Developments in Mergers and Acquisitions**  
The Takeover/Issuer Bids team from the OSC will highlight the issues and latest developments under discussion at the OSC.

**3:30 p.m. Break-Out Session 4**

*(Please check one (1) box only on registration form to indicate concurrent session choice)*

- **SRO Oversight**  
A review of the Commission's efforts to strengthen protocols for SRO oversight through the development of oversight agreements and the planned national compliance review.
- **Investor Education**  
A look at the products developed by the OSC to enhance investor understanding of the securities industry.

**4:45 p.m. Closing Remarks**

**5:00 p.m. Conference Conclusion**

**DIALOGUE WITH THE OSC • REGISTRATION FORM**

**DIALOGUE BREAKOUT SESSIONS**

You will be able to attend one breakout session for each time slot (Please check one (1) box for each Breakout Session)

<p><b>11:00 - 11:40 Break Out Session 1</b></p> <p><input type="checkbox"/> Market Regulation Update</p> <p><input type="checkbox"/> Enforcement Issues</p> <p><input type="checkbox"/> Corporate Finance: An Update</p>	<p><b>2:00 - 3:15 Break Out Session 3</b></p> <p><input type="checkbox"/> Financial Planning Update</p> <p><input type="checkbox"/> Current Financial Reporting/Auditing</p> <p><input type="checkbox"/> Latest Developments in Mergers/Acquisitions</p>
<p><b>11:50 - 12:30 Break Out Session 2</b></p> <p><input type="checkbox"/> Mutual Funds</p> <p><input type="checkbox"/> Strengthening the Secondary Market</p> <p><input type="checkbox"/> International Issues</p>	<p><b>3:30 - 4:45 Break Out Session 4</b></p> <p><input type="checkbox"/> SRO Oversight</p> <p><input type="checkbox"/> Investor Education</p>

**Registration Fee: \$400** (after September 11, 2000)

**Earlybird Fee: \$350** (before September 11, 2000)

To register, please attach your business card to this form and Fax to: "Dialogue with the OSC" at (416) 593-0249 An invoice for the registration fee will follow in the mail.

**For a Detailed Program or Further Information:**

Call (416) 593-7352 or visit our website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

Please Place your Business Card Here

# DIALOGUE WITH THE OSC - LONDON

## Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to London by satellite link followed by a live panel entitled, **Financial Planning - A Review of OSC/CSA Initiatives**. This panel will look at the current regulatory model governing advice. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

**9:00 a.m. Welcoming Address**

Charlie F. Macfarlane, Executive Director, OSC

**9:10 a.m. Opening Remarks**

David A. Brown, Q.C., Chair of the OSC

**9:30 a.m. Executive Panel**

David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant

**10:00 a.m. Panel of Chairs**

Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

**11:00 a.m. Market Regulation Update: Including ATS and the New Markets**

A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

**11:50 a.m. Mutual Funds: The Launch of the MFDA**

An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

**12:30 p.m. Lunch and Luncheon Address**

Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

**2:00 p.m. Live Panel in London**

**Financial Planning - A Review of OSC/CSA Initiatives**

Julia Dublin, Chair, CSA Financial Planning Committee  
A look at the current regulatory model governing advice.

**3:00 p.m. Closing Remarks**

### DIALOGUE WITH THE OSC • REGISTRATION FORM

**Registration Fee: \$300** (after September 11, 2000)

**Earlybird Fee: \$250** (before September 11, 2000)

To register, please attach your business card to this form and  
Fax to: "Dialogue with the OSC" at  
(416) 593-0249

An invoice for the registration fee will follow in the mail.

**For a Detailed Program or Further Information:**

Call (416) 593-7352 or visit our website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

Please Place your  
Business Card Here

Tuesday, October 31, 2000 • London

# DIALOGUE WITH THE OSC - OTTAWA

## Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to Ottawa by satellite link followed by a live panel entitled, **Small Business Financing - A Progress Report**. This panel will give a progress report on the regulatory issues surrounding small business financing. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

- 9:00 a.m. Welcoming Address**  
Charlie F. Macfarlane, Executive Director, OSC
- 9:10 a.m. Opening Remarks**  
David A. Brown, Q.C., Chair of the OSC
- 9:30 a.m. Executive Panel**  
David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant
- 10:00 a.m. Panel of Chairs**  
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions
- 11:00 a.m. Market Regulation Update: Including ATS and the New Markets**  
A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.
- 11:50 a.m. Mutual Funds: The Launch of the MFDA**  
An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.
- 12:30 p.m. Lunch and Luncheon Address**  
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns
- 2:00 p.m. Live Panel in Ottawa**  
**Small Business Financing - A Progress Report**  
This panel will provide a progress report on the regulatory issues surrounding small business financing.
- 3:00 p.m. Closing Remarks**

### DIALOGUE WITH THE OSC • REGISTRATION FORM

**Registration Fee: \$300** (after September 11, 2000)

**Earlybird Fee: \$250** (before September 11, 2000)

To register, please attach your business card to this form and  
Fax to: "Dialogue with the OSC" at  
(416) 593-0249

An invoice for the registration fee will follow in the mail.

**For a Detailed Program or Further Information:**

Call (416) 593-7352 or visit our website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

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**Tuesday, October 31, 2000 • Ottawa**

# DIALOGUE WITH THE OSC - SUDBURY

## Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to Sudbury by satellite link followed by a live panel entitled, **Mining Regulations - After the Mining Standards Task Force Report**. This panel will look at the effect of the report on the mining industry. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

**9:00 a.m. Welcoming Address**

Charlie F. Macfarlane, Executive Director, OSC

**9:10 a.m. Opening Remarks**

David A. Brown, Q.C., Chair of the OSC

**9:30 a.m. Executive Panel**

David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant

**10:00 a.m. Panel of Chairs**

Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

**11:00 a.m. Market Regulation Update: Including ATS and the New Markets**

A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

**11:50 a.m. Mutual Funds: The Launch of the MFDA**

An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

**12:30 p.m. Lunch and Luncheon Address**

Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

**2:00 p.m. Live Panel in Sudbury**

**Mining Regulations - After the Mining Standards Task Force Report**

Deborah McCombe, Senior Mining Consultant, OSC

This panel will look at what the Mining Standards Task Force Report means to the mining industry.

**3:00 p.m. Closing Remarks**

### DIALOGUE WITH THE OSC • REGISTRATION FORM

**Registration Fee: \$300** (after September 11, 2000)

**Earlybird Fee: \$250** (before September 11, 2000)

To register, please attach your business card to this form and  
Fax to: "Dialogue with the OSC" at  
(416) 593-0249

An invoice for the registration fee will follow in the mail.

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**Tuesday, October 31, 2000 • Sudbury**

**1.1.3 OSC Rule 31-507 - SRO Membership - Securities Dealers and Brokers - Notice of Minister of Finance Approval of Final Rule Under the Securities Act**

**NOTICE OF MINISTER OF FINANCE APPROVAL OF FINAL RULE UNDER THE SECURITIES ACT**

The Minister of Finance approved Rule 31-507, SRO Membership – Securities Dealers and Brokers (the "Rule") on August 2, 2000. Previously, materials related to the Rule were published in the Bulletin on October 3, 1997; June 19, 1998 and April 14, 2000. The Commission adopted the Rule on June 20, 2000 and the Rule was published in final form on June 30, 2000. The Rule will come into force on August 17, 2000.

The Rule is published in Chapter 5.

**1.1.4 Rule 31-502 - Proficiency Requirements for Registrants - Notice of Minister of Finance Approval of Final Rule Under the Securities Act and Amendment to Regulation 1015 made under the Securities Act**

**NOTICE OF MINISTER OF FINANCE APPROVAL OF FINAL RULE UNDER THE SECURITIES ACT AND NOTICE OF AMENDMENT TO REGULATION 1015 OF THE REVISED REGULATIONS OF ONTARIO, 1990 MADE UNDER THE SECURITIES ACT IN CONNECTION WITH OSC RULE 31-502**

The Minister of Finance approved Rule 31-502 Proficiency Requirements for Registrants and Companion Policy (the "Rule") on August 2, 2000. Previously, materials related to the Rule were published in the Bulletin on August 30<sup>th</sup>, 1996; Jan 23<sup>rd</sup>, 1998, August 21<sup>st</sup>, 1998 and June 23<sup>rd</sup>, 2000. The Commission adopted the Rule on June 20<sup>th</sup>, 2000 and the Rule was published in final form on June 23<sup>rd</sup>, 2000. The Rule and Companion Policy 31-502 will come into force on August 17, 2000.

The Minister of Finance has also approved a regulation to amend and revoke certain of Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the Securities Act (the "Regulation") in connection with the Rule, which were filed as O. Reg. 468 100 on August 14<sup>th</sup>, 2000 and will be published in the Ontario Gazette on Sept 2<sup>nd</sup>, 2000. The amendments and revocations to the Regulation will come into force at the time that the Rule comes into force on August 17, 2000.

The Rule, Companion Policy and related regulation are published in Chapter 5 of the OSC Bulletin.

**1.2 News Releases**

**1.2.1 Noram Capital Management, Inc. and Andrew Willman**

August 16, 2000

**Re: Noram Capital Management, Inc. and Andrew Willman**

**Toronto** - On July 10, 2000, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations against investment counsel portfolio manager Noram Capital Management, Inc. ("Noram") and Andrew Willman, Noram's President, Chief Executive Officer and Supervisory Procedures Officer. The first appearance with respect to this matter, originally set for August 16, 2000, has been rescheduled to August 17, 2000 at 10:00 a.m. and will take place at the offices of the Commission, 20 Queen Street West, Toronto, 17<sup>th</sup> Floor.

Copies of the Notice of Hearing and the Statement of Allegations are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) or from the Commission, 19<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario. Any questions from members of the investing public can be directed to the inquiries line at the Commission at (416) 593-8314.

**References:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

Brian Butler  
Acting Director  
Enforcement Branch  
(416) 593-8156

**1.2.2 Patrick Joseph Kinlin**

August 16, 2000

**Re: Patrick Joseph Kinlin**

**Toronto** - On July 4, 2000 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations against Patrick Joseph Kinlin. The hearing with respect to this matter, set for Tuesday, August 22, 2000, will commence at 11.00 a.m. (not 10.00 a.m. as previously stated in the Commission's press release dated July 19, 2000).

The hearing will take place at the offices of the Commission on the 17<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario.

Copies of the Notice of Hearing and Statement of Allegations are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) or from the Commission, 19<sup>th</sup> Floor, 20 Queen Street West, Toronto, Ontario.

**References:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

Brian Butler  
Acting Director, Enforcement Branch  
(416) 593-8286

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## Chapter 2

# Decisions, Orders and Rulings

### 2.1.1 Decisions

#### 2.1.1 Temagami Oil & Gas Ltd. - MRRS Decision

##### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - reporting issuer deemed to have ceased to be a reporting issuer.

##### Applicable Ontario Statute

*Securities Act*, R.S.O. 1990, c.S.5, as amended, s. 83.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, BRITISH COLUMBIA,  
AND ONTARIO**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF TEMAGAMI OIL & GAS LTD.**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, British Columbia and Ontario (the "Jurisdictions") has received an application from Temagami Oil & Gas Ltd. ("TOGL") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that TOGL is deemed to have ceased to be a reporting issuer, or its equivalent, under the Legislation;
2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;
3. **AND WHEREAS** TOGL has represented to the Decision Makers that:
  - 3.1 TOGL was incorporated under the laws of British Columbia on June 2, 1978 and commenced operations on August 1, 1978. TOGL was continued under the laws of Alberta on February 25, 1992 and is currently subsisting under the laws of Alberta;
  - 3.2 TOGL is a reporting issuer, or the equivalent concept, under the Legislation;
  - 3.3 TOGL's shares were once listed on the Vancouver Stock Exchange and The Toronto Stock Exchange, but were subsequently delisted. The shares of TOGL are no longer listed on any stock exchange in Canada;
  - 3.4 TOGL is authorized to issue an unlimited number of Common Shares, an unlimited number of Special Participating Shares, an unlimited number of Preferred Shares, and an unlimited number of Non-Voting Common Shares;
  - 3.5 a Cease Trade Order was issued by the Ontario Securities Commission ("OSC") on August 21, 1996 and by the British Columbia Securities Commission ("BCSC") on September 12, 1996, in each case, due to the failure of TOGL to file audited financial statements;
  - 3.6 the OSC, by Order dated September 3, 1999 and the BCSC by Order dated September 21, 1999 amended their respective Cease Trade Orders to permit the redemption on January 7, 2000 of the then outstanding 10,470,000 Special Participating Shares held by the public, leaving 45,550 Series I Preferred Shares and 100 Common Shares (together, the "Outstanding Shares") of TOGL as the only issued and outstanding shares in the capital of TOGL. No other securities of TOGL are outstanding other than the Outstanding Shares;
  - 3.7 as a result of the Redemption, TOGL now has fewer than 15 security holders, all of whose last addresses as shown on the books of TOGL are in Alberta;
  - 3.8 except for the failure to file financial statements and hold annual general meetings, to the best of my knowledge, TOGL is not otherwise in default of any requirements of the Act, or the regulations made thereunder;
  - 3.9 TOGL does not intend to seek public financing by way of an offer of securities.
4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. **THE DECISION** of the Decision Makers pursuant to the Legislation is that TOGL is deemed to have ceased to

be a reporting issuer, or its equivalent, under the Legislation.

DATED at Calgary, Alberta this 26th day of May, 2000.

"Original signed by"  
Patricia M. Johnston  
Director, Legal Services & Policy Development

## 2.1.2 AltaGas Services Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief for officers and directors of reporting issuer and its subsidiaries from the insider reporting requirements with respect to the acquisition of securities under an automatic share purchase plan, subject to certain conditions including annual reporting.

### Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. ss.1(1), 107, 108, 121(2)(a)(iii).

### Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. Part VIII.

### Policies Cited

Ontario Securities Commission Policy Statement No. 10.1.

### Instruments Cited

Proposed National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (1999), 22 OSCB 5161.

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
THE PROVINCES OF  
BRITISH COLUMBIA, ALBERTA,  
MANITOBA, ONTARIO AND QUÉBEC

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW  
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
ALTAGAS SERVICES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authorities or regulators (the "Decision Makers") in British Columbia, Alberta, Ontario and Québec (the "Jurisdictions") have received an application from AltaGas Services Inc. ("Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for an insider of a reporting issuer to file insider reports (the "Insider Reporting Requirements") shall not apply to directors and senior officers of the Applicant or its subsidiaries with respect to their acquisition of common shares of the Applicant pursuant to the Applicant's employee share purchase savings plan (the "Plan"), subject to certain conditions;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the

"System"), the Alberta Securities Commission is the principal regulator for this application;

**AND WHEREAS** the Applicant has represented to the Decision Makers that:

1. The Applicant is a corporation existing under the Canada Business Corporations Act;
2. The common shares of the Applicant (the "Shares") are listed and posted for trading on The Toronto Stock Exchange;
3. The Applicant is a reporting issuer in the provinces of Alberta, British Columbia, Ontario and Quebec (collectively, the "Provinces"). The Applicant is not in default of any requirement of the securities legislation of the Provinces and the rules and regulations thereunder;
4. The Applicant has adopted the Plan which will provide employees of the Applicant and certain subsidiaries of the Applicant ("Participants") with an opportunity to purchase Shares and to receive Shares which are purchased on the Participants' behalf by the Applicant;
5. Participation in the Plan by Participants will be voluntary. The Plan is available to the employees of AltaGas Utilities Inc. ("Utilities") which is a wholly-owned subsidiary of the Applicant. The Applicant currently expects that in due course all of its employees, including employees of subsidiaries, who satisfy the Plan's eligibility requirements, will be entitled to participate in the Plan;
6. Under the terms of the Plan, Participants may elect to have an amount of their salary deposited to the Plan by way of payroll deduction by the Applicant at the time of each scheduled pay period. The Applicant will make matching contributions under the Plan in amounts which depend upon certain criteria set forth in the Plan;
7. The Plan will be administered by a trust company (the "Trustee"). In particular, the Trustee will be responsible for the timing, pricing, amount and manner of transaction of all of the acquisitions and dispositions of Shares under the Plan. The Applicant or the Trustee will bear all costs in the set-up, record keeping and custodial expenses associated with the Plan. The Participants will pay all investment management fees as well as brokerage fees and transaction expenses incurred in connection with purchases and sales of Shares under the Plan;
8. Shares to be acquired under the Plan shall be purchased by a registered broker at the direction of the Trustee through the facilities of The Toronto Stock Exchange for the accounts of Participants participating in the Plan at the market price of the Shares. The Trustee may also match sales requests under the Plan with purchases to be made under the Plan. Shares will not be issued from treasury to the Trustee;
9. The Plan is an "automatic securities purchase plan" within the meaning of Proposed National Instrument 55-101 "Exemption From Certain Insider Reporting Requirements" (the "Proposed Instrument");

10. Directors and Senior Officers of the Applicant and its subsidiaries (the "Participating Insiders") may be participants in the Plan; and

11. The Shares to be acquired under the Plan are expected to be de minimus in relation to the number of Shares of the Applicant that are issued and outstanding;

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**IT IS THE DECISION** of the Decision Makers pursuant to the Legislation that the Insider Reporting Requirements shall not apply to the acquisition of common shares of the Applicant pursuant to the Plan, provided that:

1. Each Participating Insider shall file, in the form prescribed for the Insider Reporting Requirements, a report disclosing all acquisitions of Common Shares under the Plan that have not been previously reported by or on behalf of the Participating Insider;
  - (i) for any Common Shares acquired under the Plan during a calendar year which are disposed of or transferred (other than dispositions or transfers that do not affect Participating Insider's beneficial ownership of such Common Shares), within the time required by the Legislation for reporting the disposition or transfer; and
  - (ii) for any Common Shares acquired under the Plan during a calendar year which have not been disposed of or transferred, annually within 90 days of the end of the calendar year;
2. In all Jurisdictions except Québec, such exemption is not available to a Participating Insider who beneficially owns, directly or indirectly, voting securities of the Applicant, or exercises control or direction over voting securities of the Applicant, or a combination of both, that carry more than 10% of the voting rights attaching to all of the Applicant's outstanding voting securities.
3. In Québec, such exemption is not available to a Participating Insider who exercises control over more than 10% of a class of shares of the Applicant to which are attached voting rights or an unlimited right to a share of the profits of the Applicant and in its assets in case of winding up.

DATED at Edmonton, Alberta on July 21, 2000.

*"Agnes Lau"*  
Agnes Lau, CA  
Deputy Director, Capital Markets

**2.1.3 Canada Dominion Resources Limited Partnership and Canada Dominion Resources Limited Partnership II - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has no securities outstanding - issuer deemed to have ceased being a reporting issuer.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am. s. 83.

**IN THE MATTER  
OF THE SECURITIES LEGISLATION  
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,  
ONTARIO, QUÉBEC, NOVA SCOTIA  
AND NEWFOUNDLAND**

**AND**

**IN THE MATTER OF THE  
MUTUAL RELIANCE REVIEW SYSTEM FOR  
EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
CANADA DOMINION RESOURCES LIMITED  
PARTNERSHIP**

**AND**

**CANADA DOMINION RESOURCES LIMITED  
PARTNERSHIP II**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Canada Dominion Resources Limited Partnership ("LPI") and Canada Dominion Resources Limited Partnership II ("LP II", and, together with LPI, the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that each of the Applicants cease to be a reporting issuer or the equivalent under the Legislation;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

**AND WHEREAS** the Applicants have represented to the Decision Makers that:

1. LPI is a limited partnership formed on December 12, 1997 under the *Limited Partnerships Act* (Ontario) (the

"LPA") and is a reporting issuer, or the equivalent thereof, under the Legislation in each of the Jurisdictions. LPI's head office is in Vancouver, British Columbia and its registered office is in Ontario.

2. LP II is a limited partnership formed on June 30, 1998 under the LPA and is a reporting issuer, or the equivalent thereof, under the Legislation in each of the Jurisdictions. LP II's head office is in Vancouver, British Columbia and its registered office is in Ontario.

3. The limited partnership units of the Applicants were not listed or posted for trading on any stock exchange or organized market.

4. The Applicants are not in default of any requirement of the Legislation.

5. The Applicants transferred all of their assets to Navigator Canada Dominion Resource Fund Ltd., an open-end mutual fund corporation amalgamated under the laws of Ontario on June 5, 2000 (the "Fund"), in exchange for redeemable Series A preferred shares ("Mutual Fund Shares") of the Fund, pursuant to asset purchase agreements between the Fund and each of the Applicants dated as of November 16, 1999 (the "Mutual Fund Rollover Transactions").

6. The Mutual Fund Rollover Transactions were approved by limited partners of the Applicants at a joint special meeting of limited partners on January 5, 2000.

7. Following the asset transfers, each of the Applicants distributed the Mutual Fund Shares to its limited partners on a pro rata basis and the limited partnership units of each Applicant were cancelled. Former limited partners of the Applicants are now registered holders of Mutual Fund Shares of the Fund.

8. The Applicants have no issued and outstanding securities and will be dissolved in the future.

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that each of the Applicants is deemed to have ceased to be a reporting issuer, or its equivalent, under the Legislation.

August 10<sup>th</sup>, 2000.

"Heidi Franken"

**2.1.4 Canada Life Financial Corporation - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief for officers and directors of reporting issuer and its subsidiaries from the insiders reporting requirements with respect to the acquisition of securities under an automatic share purchase plan, subject to certain conditions including annual reporting.

**Statutes Cited**

Securities Act, R.S.O. 1990, c.S.5, as am. ss.1(1), 107, 108, 121(2)(a)(iii).

**Regulations Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. Part VIII.

**Policies Cited**

Ontario Securities Commission Policy Statement No. 10.1.

**Instruments Cited**

Proposed National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (2000), 23 OSCB 4221.

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA, BRITISH COLUMBIA, NEWFOUNDLAND AND ONTARIO**

**AND**

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF CANADA LIFE FINANCIAL CORPORATION**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Newfoundland, and Ontario (the "Jurisdictions") has received an application from Canada Life Financial Corporation (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for an insider of a reporting issuer to file insider reports (the "Insider Reporting Requirement") shall not apply to the insiders of the Applicant with respect to their acquisition of common shares of the Applicant under the Applicant's Employee Share Purchase Plan (the "Plan"), subject to certain conditions;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

**AND WHEREAS** the Applicant has represented to the Decision Makers that:

1. The Applicant is a life insurance company incorporated pursuant to the laws of Canada in 1999 and governed by the *Insurance Companies Act (Canada)*, S.C. 1991, c. 47, as amended. The authorized capital of the Applicant consists of an unlimited number of common shares and one class of an unlimited number of preferred shares of which 160,441,498 common shares are issued and outstanding.
2. The Applicant is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirements of the Legislation. The common shares of the Applicant are listed and posted for trading on the Toronto Stock Exchange.
3. The Applicant's head office is located in Toronto, Ontario.
4. The Plan is an employee share purchase plan under which the timing of share acquisitions, the number of shares purchased, and the price paid for shares are established by procedures under the Plan. The Plan is an "automatic securities purchase plan" as such term is defined in proposed National Instrument 55-101 - Exemption from Certain Insider Reporting Requirements (2000), 23 OSCB 4221.
5. Acquisitions of common shares under the Plan are made by an independent administrator in the open market.
6. Plan participants may change the amount of their bi-weekly contributions twice per year only, and give direction to sell shares held through the Plan once per year. The Plan does not provide participants with the option to make lump sum contributions.

**AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

**IT IS HEREBY DECIDED** by the Decision Makers under the Legislation that the Insider Reporting Requirement shall not apply to an insider of the Applicant with respect to acquisitions of common shares of the Applicant pursuant to the Plan provided that:

1. The insider files a report disclosing, in the form prescribed for the Insider Reporting Requirement, all acquisitions of Common Shares under the Plan that have not previously been reported by or on behalf of the insider:

- a. if any shares acquired under the Plan during a financial year are disposed of or transferred during the financial year, within the time required by the Legislation for reporting the disposition or transfer; and
  - b. if any shares acquired under the Plan, either during a financial year of the Applicant or following the last disposition or transfer in a financial year, are not disposed of or transferred, within 90 days of the end of the financial year of the Applicant; and
2. The insider does not beneficially own, directly or indirectly, voting securities of the Applicant, or exercise control or direction over voting securities of the Applicant, or a combination of both, that carry more than 10 percent of the voting rights attaching to all outstanding voting securities of the Applicant.

August 14th, 2000.

"Iva Vranic"

## 2.1.5 Clarica Money Market Fund et al. - MRRS Decision

### Headnote

MRRS Exemptive Relief Application - Extension of lapse date.

### Statutes Cited

*Securities Act*, R.S.O. 1990, c.S.5, as am., ss. 62(5)

### Rules Cited

National Policy 43-201 entitled: Mutual Reliance Review System for Prospectus and AIF's.

National Instrument 81-101 entitled: Mutual Fund Prospectus Disclosure.

National Instrument 81-102 entitled: Mutual Funds.

IN THE MATTER OF THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA,  
ONTARIO,  
QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE  
EDWARD ISLAND, NEWFOUNDLAND, YUKON  
TERRITORY, NORTHWEST TERRITORIES AND  
NUNAVUT TERRITORY

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM FOR  
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
CLARICA MONEY MARKET FUND  
CLARICA PREMIER MORTGAGE FUND,  
CLARICA BOND FUND  
CLARICA PREMIER BOND FUND  
CLARICA DIVERSIFUND 40  
CLARICA PREMIER DIVERSIFIED FUND  
CLARICA SUMMIT GROWTH AND INCOME FUND,  
CLARICA SUMMIT DIVIDEND GROWTH FUND  
CLARICA SUMMIT CANADIAN EQUITY FUND  
CLARICA PREMIER BLUE CHIP FUND  
CLARICA EQUIFUND  
CLARICA PREMIER AMERICAN FUND  
CLARICA AMERIFUND  
CLARICA SUMMIT FOREIGN EQUITY FUND  
CLARICA PREMIER INTERNATIONAL FUND  
CLARICA ALPINE GROWTH EQUITY FUND  
CLARICA PREMIER GROWTH FUND  
CLARICA ALPINE ASIAN FUND  
CLARICA PREMIER EMERGING MARKETS FUND  
CLARICA ALPINE CANADIAN RESOURCES FUND  
(individually a "Fund" and collectively, the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia,

Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Yukon Territory, Northwest Territories and Nunavut Territory (the "Jurisdictions") has received an application from Clarica Diversico Ltd. ("Clarica") in its capacity as manager and promoter of the Funds for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the lapse date of the units offered by each Fund pursuant to the 1999 Disclosure Documents (defined below) be extended to September 19, 2000;

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the Principal Jurisdiction for this application;

**AND WHEREAS** Clarica has represented to the Decision Makers that:

1. Clarica is a corporation incorporated under the laws of Ontario. Clarica is the manager and promoter of the Funds;
2. the Funds are open-ended mutual fund trusts established by Clarica under the laws of Ontario by declarations of trust;
3. the Funds are qualified for distribution in the Jurisdictions by means of 2 simplified prospectuses and 2 annual information forms dated July 19, 1999 (the "July 1999 Disclosure Documents") and December 13, 1999 (the "December 1999 Disclosure Documents" and together with the July 1999 Disclosure Documents herein referred to as the "1999 Disclosure Documents") that have been prepared and filed in accordance with the Legislation;
4. in its *pro forma* version of the 1999 Disclosure Documents, Clarica has consolidated the July 1999 Disclosure Documents with the December 1999 Disclosure Documents (the "Renewal Documents") such that the refiling timetable is determined with reference to the July 1999 Disclosure Documents. The lapse date of the July 1999 Disclosure Documents in Ontario, Quebec and New Brunswick is July 21, 2000, and July 19, 2000 in all other Jurisdictions.
5. in order to renew the 1999 Disclosure Documents for a further twelve-month period following the lapse date, the Renewal Documents were required to be filed with certain securities regulatory authorities by June 19, 2000 and in each of the other Jurisdictions by June 21, 2000. Final versions of the Renewal Documents must therefore be filed within 10 days of the applicable lapse date in the absence of the exemptive relief granted hereby;
6. the Renewal Documents are required to be filed in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* ("NI 81-101"), Form NI 81-101F1, Form 81-101F2, Companion Policy 81-101CP and National Instrument 81-102 *Mutual Funds* ("NI 81-102") (NI 81-101, NI 81-102 collectively referred to as the "New Rules"), which collectively implement a new regulatory regime governing the required disclosure

provided by mutual funds under securities legislation in Canada. The New Rules came into force on February 1, 2000. In accordance with NI 81-101, Clarica has prepared the Renewal Documents in accordance with Forms 81-101F1 and 81-101F2 which prescribe new detailed disclosure requirements for a simplified prospectus and annual information form of a mutual fund;

7. on June 21, 2000, Clarica filed the Renewal Documents in each of the Jurisdictions and has received extensive comments on the Renewal Documents from the Principal Jurisdiction;
8. Clarica requires more time to consider the comments and revise the Renewal Documents accordingly, and without an extension of the lapse date, there may not be sufficient time for Clarica to properly address and resolve the comments prior to the filing deadline for the final versions of the Renewal Documents;
9. there have been no material changes in the affairs of the Funds since the date of the Disclosure Documents.

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides Decision Makers with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the time limits provided by the Legislation, as they apply to the distribution of securities of the Funds under the Disclosure Documents, are hereby extended to the times that would be applicable if the lapse date for such distribution under the Disclosure Documents were September 4, 2000.

July 20<sup>th</sup>, 2000.

"Rebecca Cowdery"

**2.1.6 Crystallex International Corporation -  
MRRS Decision**

**Headnote**

Prompt Offering Qualification System -Waiver granted pursuant to section 4.5 of National Policy Statement No. 47 to enable issuer to participate in the POP System when it did not meet the "public float" test in the last calendar month of the 1997 financial year in respect of which its Initial Annual Information Form will be filed provided that it does meet the "public float" test at a date within 60 days before the filing of its preliminary short form prospectus -waiver reflects the revised eligibility criteria set out in proposed National Instrument 44-101.

**Statutes Cited**

Securities Act, R.S.O. 1990, as am.

**Policies Cited**

National Policy Statement No. 47 -Prompt Offering Qualification System, ss. 4.1 and 4.5.

**IN THE MATTER OF THE  
SECURITIES LEGISLATION OF  
BRITISH COLUMBIA AND ONTARIO**

**AND**

**IN THE MATTER OF THE  
MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
CRYSTALLEX INTERNATIONAL CORPORATION**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia and Ontario (the "Jurisdictions") has received an application from Crystallex International Corporation (the "Filer") for a decision under the securities legislation and securities directions of the Jurisdictions (the "Legislation") that the requirement (the "Eligibility Requirement") under National Policy Statement No. 47 ("NP 47"), that the calculation of the aggregate market value of an issuer's outstanding equity securities be based on the average closing prices during the last calendar month of the issuer's most recently completed financial year shall not apply to the Filer so as to permit the Filer to be eligible to participate in the prompt offering qualification system (the "POP System");

**AND WHEREAS** under the Mutual Reliance System for Exemptive Relief Applications (the "System"), the Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

**AND WHEREAS** the Filer has represented to the Decision Makers that:

1. the Filer was incorporated under the laws of British Columbia on May 22, 1994, changed its name to Crystallex International Corporation in January 1991 and continued under the laws of Canada in January 1998;
2. the Filer's registered and principal executive offices are located in Vancouver, British Columbia.;
3. the Filer became a reporting issuer in British Columbia on January 6, 1987 and in Ontario on October 4, 1996, and is not in default under any requirement of the applicable securities legislation of any of the Jurisdictions;
4. the Filer's financial year-end is December 31;
5. the Filer's authorized capital consists of an unlimited number of common shares (the "Common Shares"), an unlimited number of Class A Preference shares and an unlimited number of Class B Preference shares;
6. the Common Shares are listed and posted for trading on The Toronto Stock Exchange and the American Stock Exchange;
7. as at December 31, 1999, 45,295,569 Common Shares were issued and outstanding, and the aggregate market value of the Common Shares as calculated in accordance with the POP System was \$66,584,486 (based on the arithmetic average of the closing price of \$1.47);
8. as at June 30, 2000, the Filer had 53,631,796 Common Shares issued and outstanding, and the aggregate market value of the Common Shares as calculated in accordance with the POP System was \$139,978,988 (based on the arithmetic average of the closing price of \$2.61);
9. the Filer currently would fulfill the Eligibility Requirements that would enable it to file an initial annual information form (the "Initial AIF") and participate in the POP System, but for the fact that the aggregate market value of the Common Shares for the month of December 1999 was less than \$75,000,000;
11. the Filer would be eligible to participate in the POP System on the filing and acceptance of its Initial AIF under proposed National Instrument 44-101 which would replace the current time period for calculating the aggregate market value of an issuer's equity securities under NP 47 for its Initial AIF with a calculation as of a date within sixty (60) days before the filing of the issuer's short form prospectus; and
12. the Filer intends to file an Initial AIF shortly and may wish to effect an offering prior to the end of its current financial year and is of the view that a short form prospectus would be the most appropriate vehicle for such an offering;

**AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

The Decision of the Decision Makers under the Legislation is that the Eligibility Requirement shall not apply to the Filer provided that:

- (a) the Filer complies in all other respects with the requirements of NP 47;
- (b) the aggregate market value of the Filer's Common Shares, calculated in accordance with the POP Requirements, is \$75,000,000 on a date within 60 days before the date of the filing of the Filer's preliminary short form prospectus;
- (c) the eligibility certificate to be filed in respect of the Filer's Initial AIF shall state that the Filer satisfies the eligibility criteria set out in sections 4.1(1)(a) and 4.1(1)(b) of NP 47, and shall make reference to this Decision; and
- (d) this Decision terminates on the earlier of:
  - (i) 140 days after the end of the Filer's financial year ended December 31, 2000; and
  - (ii) the date a renewal AIF is filed by the Filer in respect of its financial year ended December 31, 2000.

July 27<sup>th</sup>, 2000.

"Margaret Sheehy"  
Director

## 2.1.7 Flowthru.com (99) Limited Partnership - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications – order to cease to be a reporting issuer – partnership has only one general partner and no security holders.

### Applicable Ontario Statutory Provisions

*Securities Act*, R.S.O. 1990, c.S.5, as am., s. 83.

IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, BRITISH COLUMBIA, NEWFOUNDLAND,  
NOVA SCOTIA, ONTARIO AND SASKATCHEWAN

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM FOR  
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
FLOWTHRU.COM (99) LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Newfoundland, Nova Scotia, Ontario and Saskatchewan (the "Jurisdictions") has received an application from Flowthru.com (99) Limited Partnership (the "Partnership") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Partnership be deemed to have ceased to be a reporting issuer or equivalent under the Legislation;

**AND WHEREAS** under the Mutual Reliance System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

**AND WHEREAS** the Partnership has represented to the Decision Makers that:

1. The Partnership is a limited partnership formed pursuant to the provisions of the *Limited Partnership Act* (Ontario) by declaration on June 3, 1999.
2. The registered office of the Partnership is in Toronto, Ontario.
3. The general partner (the "General Partner") of the Partnership is Flowthru.com (99) Ltd., a corporation incorporated under the *Business Corporations Act* (Ontario) on June 8, 1999.

4. The authorized capital of the Partnership consists of an unlimited number of units (the "Units") of the Partnership.
5. The Partnership became a reporting issuer in each of the Jurisdictions upon the filing and receipting of a final prospectus dated October 25, 1999. The offering of Units did not close as the minimum number of Units was not subscribed for.
6. The Partnership is in default of filing its first interim and annual financial statements. The Partnership is not in default of any other requirements under the Legislation.
7. The Partnership has no Units issued and outstanding and therefore there are no security holders.
8. The only partner of the Partnership is the General Partner.
9. No securities of the Partnership are listed or traded on any exchange or market in Canada.
10. The Partnership does not intend to seek public financing by way of an issue of securities.

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

The Decision of the Decision Makers under the Legislation is that the Partnership is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.

August 8<sup>th</sup>, 2000.

"John Hughes"

## **2.1.8 Goldman Sachs Canada Inc., GS Employee Fund 2000 Offshore, L.P. and GS Employee Fund 2000 Offshore (Corporate), L.P. - MRRS Decision**

### **Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - trade in units of limited partnerships formed by U.S. investment dealer to certain senior management and key employees of Canadian affiliate not subject to dealer registration and prospectus requirements of the Legislation, subject to certain conditions - the number of units to be traded is *de minimus*, and most purchasers are registered under the Legislation, subsidiaries of U.S. investment dealer providing investment advice to limited partnerships that are not registrants under the Legislation not subject to the advisor registration requirements of the Legislation, subject to certain conditions.

### **Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25(1)(a), 25(1)(c), 53, 74(1).

### **Other Statutes Cited**

United States Securities Act of 1933, as amended.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, BRITISH COLUMBIA, ONTARIO AND  
QUEBEC**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM FOR  
EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
GOLDMAN SACHS CANADA INC.,  
GS EMPLOYEE FUND 2000 OFFSHORE, L.P. AND  
GS EMPLOYEE FUND 2000 OFFSHORE (CORPORATE),  
L.P.**

### **MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Ontario and Quebec (the "Jurisdictions") has received an application from Goldman Sachs Canada Inc. (the "Company"), GS Employee Fund 2000 Offshore, L.P. (the "Partnership Fund") and GS Employee Fund 2000 Offshore (Corporate), L.P. (the "Corporate Fund", and, together with the Partnership Fund, the "Funds") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

- (i) to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Dealer Registration and Prospectus Requirements"); and
- (ii) to be registered as an adviser under the Legislation where such person or company engages in or holds himself, herself or itself out as engaging in the business of advising others as to the investing in or the buying or selling of securities (the "Adviser Registration Requirement"),

shall not apply in connection with the distribution and sale of limited partnership interests ("Interests") in the Funds to certain qualified employees of the Company, subject to certain conditions;

**AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

**AND WHEREAS** the Company and the Funds have represented to the Decision Makers that:

1. Each of the Funds will be organized as an exempt limited partnership under Cayman Islands law.
2. The Funds are not, and have no intention of becoming, reporting issuers under the Legislation.
3. The general partner (the "General Partner") of each of the Funds will be GS Employee Funds 2000 Offshore GP, L.L.C., a wholly owned subsidiary of The Goldman Sachs Group, Inc. ("Goldman Sachs"), a corporation organized as a limited liability company under the laws of the State of Delaware. The General Partner is a newly formed entity with no other operations, and is not a reporting issuer under the Legislation nor registered in any capacity under the Legislation.
4. The manager of the General Partner is Goldman, Sachs & Co. (the "Manager"), an affiliate of Goldman Sachs carrying on business as a registered broker-dealer and investment adviser in the United States. The Manager is also registered as an International Adviser under the *Securities Act* (Ontario) (the "Ontario Act").
5. The Company is a corporation formed under the laws of Ontario and its principal and executive office is located in Toronto, Ontario.
6. The Company is registered as an investment dealer under the Ontario Act and is registered in a similar capacity under the Securities Acts of British Columbia and Quebec.
7. The Company is not a reporting issuer under the Legislation.
8. The Funds have been organized to provide certain qualified employees of affiliates of Goldman Sachs, including qualified employees of the Company, the opportunity to co-invest in the investment opportunities of their employer group of companies.

9. In Canada, participation in each of the Funds is being offered to 15 residents of Ontario, two residents of Alberta, one resident of British Columbia and two residents of Quebec (the "Canadian Eligible Investors"). Each of the Canadian Eligible Investors is managing director, senior officer or key employee of the Company or an affiliate of the Company. Most of the Canadian Eligible Investors are registered as representatives of the Company in one or more of the Jurisdictions.
10. The Interests have not been and will not be registered under the *Securities Act of 1933*, as amended (the "1933 Act"), and the Funds are not and do not intend to become registered under the U.S. Investment Company Act of 1940, as amended. The Interests may not be offered, sold or delivered within the United States or to U.S. Persons (as defined in the 1933 Act).
11. Each Canadian Eligible Investor may invest in only one of the Funds.
12. Each Fund will invest substantially all of its assets in two new investment opportunities (the "Employee Funds") organized by Goldman Sachs for certain employees of its affiliates:
  - a. GS Capital Partners 2000 Employee Fund, L.P. (the "Employee GSCP Fund")

The investment objective of the Employee GSCP Fund is to achieve long-term capital gains through investments in equity and equity-related securities. The Employee GSCP Fund will focus on merchant banking investments, telecommunications/broadband investments and technology investments.
  - b. Goldman Sachs Direct Investment Fund 2000, L.P. (the "Employee Direct Fund")

The Employee Direct Fund will invest alongside Goldman Sachs and its affiliated companies in certain investment opportunities in which Goldman Sachs and its affiliated companies or a private investment fund managed by Goldman Sachs invest.
13. Each of the Funds is offering four classes of limited partnership interests:
  - a. "Class A GSCP Interests" will invest exclusively in Class A limited partnership interests in the Employee GSCP Fund.
  - b. "Class A Direct Interests" will invest exclusively in Class A limited partnership interests in the Employee Direct Fund.
  - c. "Class B GSCP Interests" will invest exclusively in Class B limited partnership interests in the Employee GSCP Fund.
  - d. "Class B Direct Interests" will invest exclusively in Class B limited partnership interests in the Employee Direct Fund.

14. Each Canadian Eligible Investor must subscribe for a minimum of U.S. \$10,000 (the "Minimum Contribution") and cannot exceed the maximum contribution of U.S. \$2,500,000. Contributions above the Minimum Contribution must be made in U.S. \$5,000 increments.
15. The subscription amount for each of the Canadian Eligible Investors will be allocated as follows: 65% to the Class B GSCP Interest and 35% to the Class B Direct Interest.
16. The General Partner will manage each of the Funds and will be responsible for the direction of their activities and for making all investment decisions for them. The General Partner will have all powers and rights necessary, proper, convenient or advisable to effectuate and carry out the purposes, business and objectives of the Funds. No compensation will be paid by the Funds or Goldman Sachs to the General Partner for its services as General Partner. If, however, a Canadian Eligible Investor's employment with an affiliate of Goldman Sachs terminates on or before November 29, 2002 (except for certain qualifying retirements), such investor will pay a management fee to the Manager and such investor's interest attributable to the Employee GSCP Fund will become subject to an override. Investors in the Funds ("Limited Partners") will not participate in any investment decisions made on behalf of the Funds.
17. The General Partner will contribute to the capital of each of the Funds an amount equal to one percent of aggregate subscriptions from investors in Class B Interests (but no more than U.S. \$ 1,000,000 per Fund), for which it will receive Class B Interests.
18. No Limited Partner may sell, exchange, transfer, assign, make a gift of, donate, bequeath, devise, pledge, hypothecate or otherwise dispose of all or any portion of such Limited Partner's Interests except as provided in the limited partnership agreements governing the Funds (the "Partnership Agreements"). Under the Partnership Agreements, a Limited Partner may, with the written consent of the General Partner, transfer such Limited Partner's Interest (or a portion thereof) at any time, but only to the General Partner, another Limited Partner or a person who, at the time of the transfer, is qualified to become a Limited Partner, and then only in accordance with the provisions of Partnership Agreements.
19. Interests are not redeemable at the option of the holder and an investment in the Funds can be characterized as being long-term and illiquid.
20. The Funds' termination date is December 31, 2025 or such earlier date as the General Partner in its sole discretion chooses.
21. Canadian Eligible Investors will be provided with an offering memorandum and a subscription agreement describing the subscription terms, investing and redemption terms, as well as profit and loss allocation and other aspects of the management and operation of the Funds. Canadian Eligible Investors will also be provided with a copy of the Partnership Agreements. In addition, within 120 days after the end of each Fund's fiscal year, or as soon thereafter as practicable, the General Partner will send to each person who was a Limited Partner at any time during the fiscal year then ended financial statements of that Fund audited by the accountants, including the portfolio valuation as of that date, and a report of the investment activities of the Fund and the underlying Employee Funds during that year.
22. Canadian Eligible Investors will participate on a voluntary basis and are not being induced to purchase Interests by expectation of employment or continued employment with the Company.

**AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met;

The Decision of the Decision Makers under the Legislation is that:

- A. the Dealer Registration and Prospectus Requirements of the Legislation shall not apply to a trade in Interests made by the Funds to a Canadian Eligible Investor, provided that:
  - (a) no Canadian Eligible Investor is induced to purchase Interests by expectation of employment or continued employment and each Canadian Eligible Investor participates on a voluntary basis;
  - (b) a copy of the offering memorandum is provided to each Canadian Eligible Investor and delivered to the securities commissions in each of the Jurisdictions; and
  - (c) the first trade in Interests acquired pursuant to the Decision or by any person or company referred to in this paragraph in a Jurisdiction shall be deemed a distribution, unless such first trade is made to any of the following:
    - (i) the General Partner or a Limited Partner;
    - (ii) an affiliate of the General Partner;
    - (iii) a member of the Limited Partner's immediate family;
    - (iv) a corporation controlled by a Limited Partner and/or any member of his or her immediate family where the Limited Partner is an officer or director of the corporation and where all the shares are owned at all times by any combination of Limited Partner, member of his or her

immediate family, the children of any of them or the offspring of such children;

- (v) a trust where all the beneficiaries are any combination of the Limited Partner, members of his or her immediate family, the children of any of them or the offspring of such children and at least one of the trustees is the Limited Partner;
- (vi) a registered retirement savings plan and/or personal holding company of the Limited Partner; or
- (vii) a person or company acquiring Interests by operation of law; and

B. the Adviser Registration Requirement of the Legislation shall not apply to the General Partner and the Manager for the purposes of providing investment advice to the Funds, provided that:

- (i) the Canadian Eligible Investors are the only persons to whom Interests are distributed in Canada by the Funds;
- (ii) where the General Partner of the Manager acts as an adviser to the Funds in respect of securities of Canadian issuers, such advice will be incidental to its acting as an adviser to the Funds in respect of securities of foreign issuers; and
- (iii) before any Interests are sold to the Canadian Eligible Investors, each Canadian Eligible Investor shall be notified that the Funds will be advised by advisers who are not registered in Canada to act as an adviser.

July 31<sup>st</sup>, 2000.

"Howard I. Wetson"

"R. Stephen Paddon"

## 2.1.9 Phoenix International Life Sciences Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision declaring corporation to be no longer a reporting issuer following the acquisition of all of its outstanding securities by another issuer.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s.83

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA,  
SASKATCHEWAN, ONTARIO, QUEBEC,  
NEWFOUNDLAND AND NOVA SCOTIA

AND

IN THE MATTER OF THE  
MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
PHOENIX INTERNATIONAL LIFE SCIENCES INC.  
MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Newfoundland and Nova Scotia (the "Jurisdictions") has received an application from Phoenix International Life Sciences Inc. ("Phoenix") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that Phoenix be deemed to have ceased to be a reporting issuer or the equivalent under the Legislation;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief (the "System"), the Commission des valeurs mobilières du Québec is the principal regulator for this Application;

AND WHEREAS Phoenix has represented to the Decision Makers that:

1. Phoenix is a corporation existing under the *Canada Business Corporations Act* (the "CBCA").
2. Phoenix is a reporting issuer or the equivalent under the Legislation.
3. The authorized capital of Phoenix consists of an unlimited number of common shares ("Phoenix Shares").
4. Phoenix is not in default of any of its obligations under the Legislation.

5. On March 10, 2000, MDS Inc. ("MDS") made an offer (as extended) (the "Offer") to purchase all of the issued and outstanding Phoenix Shares. After the expiry of the Offer on April 7, 2000, approximately 97% of the issued and outstanding Phoenix Shares had been tendered to the Offer. Effective June 1, 2000, MDS acquired all of the remaining issued and outstanding Phoenix Shares pursuant to the compulsory acquisition provisions of the CBCA. As a result of the foregoing, MDS owns 100% of the issued and outstanding securities of Phoenix.
6. The Phoenix Shares were listed on The Toronto Stock Exchange and The NASDAQ National Market but have been delisted from such exchanges on May 19, 2000 and May 30, 2000 respectively and no securities of Phoenix are currently listed or posted on any exchange or over the counter in Canada.
7. Phoenix does not have any intention of distributing the Phoenix Shares to the public.

**AND WHEREAS** pursuant to the System, this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides that Decision Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that Phoenix is deemed to have ceased to be a reporting issuer the equivalent under the Legislation.

**DATED** at Montréal, Québec this, July 28<sup>th</sup>, 2000.

Le directeur des marchés des capitaux,  
(s) *Jean-François Bernier*

**AFFAIRE INTÉRESSANT  
LA LÉGISLATION EN VALEURS MOBILIÈRES DE  
LA COLOMBIE-BRITANNIQUE, DE L'ALBERTA, DE LA  
SASKATCHEWAN, DE L'ONTARIO, DU QUÉBEC, DE  
TERRE-NEUVE ET DE LA NOUVELLE-ÉCOSSE**

ET

**LE RÉGIME D'EXAMEN CONCERTÉ DES DEMANDES  
DE DISPENSE**

ET

**PHOENIX INTERNATIONALE SCIENCES DE LA VIE INC.**

**DOCUMENT DE DÉCISION DU REC**

**CONSIDÉRANT QUE** l'autorité locale en valeurs mobilières ou l'agent responsable (le « décideur ») respectif de la Colombie-Britannique, de l'Alberta, de la Saskatchewan, de l'Ontario, du Québec, de Terre-Neuve et de la Nouvelle-Écosse (les « territoires ») a reçu de Phoenix Internationale Sciences de la Vie Inc. (« Phoenix ») une demande de décision en vertu de la législation en valeurs mobilières des territoires (la « législation ») selon laquelle Phoenix soit réputée avoir cessé d'être un émetteur assujéti ou l'équivalent en vertu de la législation;

**CONSIDÉRANT QUE**, selon le régime d'examen concerté des demandes de dispense (le « régime »), la Commission des valeurs mobilières du Québec est l'autorité principale pour la présente demande;

**CONSIDÉRANT QUE**, Phoenix a déclaré aux décideurs ce qui suit :

1. Phoenix est une société constituée en vertu de la *Loi canadienne sur les sociétés par actions* (la « LCSA »).
2. Phoenix est un émetteur assujéti ou l'équivalent en vertu de la législation.
3. Le capital autorisé de Phoenix est composé d'un nombre illimité d'actions ordinaires (« actions de Phoenix »).
4. Phoenix n'est pas en défaut de ses obligations en vertu de la législation.
5. Le 10 mars 2000, MDS Inc. (« MDS ») a fait une offre, qui a fait l'objet d'une prolongation, (l'« offre ») visant l'acquisition de toutes les actions émises et en circulation de Phoenix. À la suite de l'expiration de l'offre le 7 avril 2000, environ 97 % des actions émises et en circulation de Phoenix avaient été déposées en réponse à l'offre. À compter du 1<sup>er</sup> juin 2000, MDS a acquis le reste des actions émises et en circulation de Phoenix conformément aux dispositions sur l'acquisition obligatoire de la LCSA. En conséquence, MDS détient la totalité des titres émis et en circulation de Phoenix.
6. Les actions de Phoenix étaient cotées sur la Bourse de Toronto et le marché national NASDAQ, mais elles ont

été retirées de la cote de ces bourses les 19 et 30 mai 2000, respectivement, et aucun titre de Phoenix n'est, à l'heure actuelle, coté en bourse ou hors bourse au Canada.

7. Phoenix n'a pas l'intention d'émettre d'autres titres dans le public.

**CONSIDÉRANT QUE**, selon le régime, le présent document de décision confirme la décision de chaque décideur (collectivement, la « décision »);

**ET CONSIDÉRANT QUE** chacun des décideurs est d'avis que les critères prévus dans la législation qui lui accordent le pouvoir discrétionnaire ont été respectés;

**LA DÉCISION** des décideurs en vertu de la législation est que Phoenix soit réputée avoir cessé d'être un émetteur assujéti ou l'équivalent en vertu de la législation.

FAIT à Montréal (Québec), le 28 juillet 2000.

Le directeur des marchés des capitaux,  
"Jean-François Bernier"

## 2.1.10 Search Energy Corp. and Palliser Energy Corp. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the identical consideration requirement in connection with a take-over bid pursuant to which target shareholders may elect between a cash option and a securities exchange option - offeror's securities not qualified for distribution outside of Canada - non-Canadian target shareholder who would otherwise receive securities as consideration for their target shares will receive the cash proceeds from the sale of such securities by a depository.

### Applicable Ontario Statutes

Securities Act, R.S.O. 1990 c. S.5, as am., ss. 97(1), 104(2)(c).

**IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF ALBERTA, BRITISH COLUMBIA,  
MANITOBA, ONTARIO AND QUEBEC**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
SEARCH ENERGY CORP.**

**AND**

**IN THE MATTER OF  
PALLISER ENERGY CORP.**

**MRRS DECISION DOCUMENT**

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Ontario and Quebec (the "Jurisdictions") has received an application from Search Energy Corp. ("Search") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with Search's offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Palliser Shares") of Palliser Energy Corp. ("Palliser") on the basis of \$1.50 cash for each Palliser Share or 0.655 of a common share of Search (a "Search Share") for each Palliser Share or \$0.75 cash and 0.3275 Search Shares for each Palliser Share, the requirement contained in the Legislation to offer all holders of the same class of securities identical consideration (the "Identical Consideration Requirement") shall not apply to Non-Canadian Holders (as defined below) who receive the cash proceeds from the sale of Search Shares in accordance with the procedure in paragraph 3.7 below;

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;
3. AND WHEREAS the Applicant has represented to the Decision Makers that:
  - 3.1 Search is a public company incorporated under the *Business Corporations Act* (Alberta). The Search Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE").
  - 3.2 Search is a reporting issuer in Alberta, British Columbia, Ontario, Quebec and Nova Scotia and is not in default of any of the requirements of the Legislation.
  - 3.3 Palliser is a public company incorporated under the *Business Corporations Act* (Alberta). The Palliser Shares are listed and posted for trading on the TSE.
  - 3.4 Palliser is a reporting issuer in Alberta, Ontario and Quebec and is not in default of any of the requirements of the Legislation.
  - 3.5 According to a shareholder list dated June 23, 2000, there were two registered shareholders of Palliser with addresses outside of Canada (the "Non-Canadian Holders") holding in the aggregate 42,184 Palliser Shares, representing approximately 0.35% of the issued and outstanding Palliser Shares.
  - 3.6 the Search Shares issuable under the Offer have not been and will not be registered or otherwise qualified for distribution pursuant to the securities legislation in the United States or any other jurisdiction outside Canada. Accordingly, the delivery of Search Shares to the Non-Canadian Holders may constitute a violation of the laws of the jurisdictions in which the Non-Canadian Holders reside.
  - 3.7 Search proposes to deliver Search Shares to the Montreal Trust Company of Canada (the "Depositary"), instead of to Non-Canadian Holders who accept the Offer, for sale of such Search Shares on behalf of Non-Canadian Holders. The Depositary will, as soon as possible after such delivery, pool and sell the Search Shares on behalf of the Non-Canadian Holders. Such sale will be done through the TSE in a manner that is intended to minimize any adverse effect on the market price of Search Shares. As soon as possible after the completion of such sale, the Depositary will send to each Non-Canadian Holder a cheque equal to such Non-Canadian Holder's pro rata share of the proceeds of sale (net of all applicable commissions and withholding tax) of all Search shares sold by the Depositary.
- 3.8 the Offer is being made in compliance with the Legislation of the Jurisdictions, except to the extent that exemptive relief is granted in respect of the Identical Consideration Requirement.
4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");
5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
6. THE DECISION of the Decision Makers is that in connection with the Offer, Search is exempt from the identical consideration requirement insofar as Non-Canadian Holders who accept the Offer may receive, instead of Search Shares, the cash proceeds from the Depositary's sale of Search Shares in accordance with the procedure set out in paragraph 3.7 above.

DATED at Calgary, Alberta this 25<sup>th</sup> day of July, 2000.

"Glenda A. Campbell", Vice-Chair  
"John W. Cranston, Member"

2.2 Orders

2.2.1 Avalanche Networks Corporation - ss. 83.1(1)

Headnote

Subsection 83.1(1) - issuer deemed to be a reporting issuer in Ontario - issuer has been a reporting issuer in Alberta for more than 12 months - issuer's common shares listed on Canadian Venture Exchange - continuous disclosure requirements of Alberta substantially similar to those of Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. s. 83.1(1).

IN THE MATTER OF THE SECURITIES ACT  
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF  
AVALANCHE NETWORKS CORPORATION

ORDER  
(Subsection 83.1(1))

UPON the application of Avalanche Networks Corporation ("Avalanche") (formerly Royalede Resources Inc.) for an order pursuant to subsection 83.1(1) of the Act deeming Avalanche to be a reporting issuer for the purposes of Ontario securities law;

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the "Commission");

AND UPON Avalanche representing to the Commission as follows:

1. Avalanche has been a reporting issuer in the Province of Alberta since June 7, 1979, the date on which Avalanche received a receipt from the Alberta Securities Commission (the "ASC") for a final prospectus in connection with an initial public offering of September 20, 1979. Avalanche is not on the list of defaulting reporting issuers maintained pursuant to Section 113 of the *Securities Act* (Alberta) (the "Alberta Act"). Avalanche has not been the subject of any enforcement actions by the ASC or by the Canadian Venture Exchange;
2. Royalede Resources Inc. changed its name to Avalanche Networks Inc. on May 25, 2000.
3. The common shares of Avalanche are listed on the Canadian Venture Exchange.
4. Avalanche is not a reporting issuer under the securities legislation in any jurisdiction in Canada other than Alberta;

5. The continuous disclosure requirements of the Alberta Act are substantially the same as the requirements under the Act;
6. The continuous disclosure materials filed by Avalanche under the Alberta Act since April 3, 1997 are available on the System for Electronic Document Analysis and Retrieval;
7. Pursuant to a purchase and sale agreement between Avalanche and Shopdome.com Inc. ("Shopdome") dated March 7, 2000, as amended, Avalanche has agreed to acquire all of the issued and outstanding common shares and common share purchase warrants of Shopdome by the issuance, following the consolidation of the outstanding shares of Avalanche on a 10 for one basis, of one common share of Avalanche for each Shopdome share and one common share purchase warrant for each Shopdome warrant (the "Proposed Acquisition"). The Proposed Acquisition is conditional on, among other things, Avalanche disposing of all of its existing assets prior to completion of the Proposed Acquisition;
8. In connection with the Proposed Acquisition, Avalanche prepared and sent to its shareholders and filed with the appropriate securities regulatory authorities, a management information circular (the "Circular") containing disclosure with respect to the business and affairs of Avalanche and Shopdome and the Proposed Acquisition;
9. Subsequent to the distribution of Circular to its shareholders, Avalanche will issue a press release and file a material change report on or about August 4, 2000 which supplements the information provided in the Circular about Shopdome; and
10. In the event that the Proposed Acquisition is not completed within two months after the date of this Order Avalanche will, at such time, apply to the Commission to cease to be a reporting issuer for purposes of the Act.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that Avalanche be deemed a reporting issuer for the purposes of the Act.

August 4th, 2000.

"J. A. Geller"

"R. Stephen Paddon"

## 2.2.2 KRG Management Inc. - s. 83

### Headnote

Section 83 of the Ontario Securities Act- Reporting issuer deemed to have ceased to be reporting issuer- one security holder 1379115 Ontario Inc. whose latest address is in Ontario.

### Application Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5., as amended ss.1(1) and 83.

**IN THE MATTER OF THE SECURITIES ACT  
R.S.O. 1990, CHAPTER S.5, AS AMENDED(the "Act")**

**AND**

**IN THE MATTER OF  
KRG MANAGEMENT INC.**

**ORDER**  
(Section 83 of the Act)

**WHEREAS** KRG Management Inc. ("KRG") has applied to the Ontario Securities Commission (the "Commission") for an order pursuant to section 83 of that Act that it be deemed to have ceased to be a reporting issuer;

**AND UPON** it being represented to the Commission that:

1. KRG has been a reporting issuer in Ontario since July 31, 1987.
2. KRG has one security holder, 1379115 Ontario Inc., whose latest address as shown on its books is in Ontario.
3. There are no securities of KRG listed or quoted on any exchange or organized market.

**AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest.

**IT IS ORDERED**, pursuant to section 83 of the Act, that KRG is deemed to have ceased to be a reporting issuer for the purposes of the Act.

July 31, 2000.

"John Hughes"

**2.3 Rulings**

**2.3.1 724 Solutions Inc. - ss. 74(1)**

**Headnote**

Section 74(1) relief for first trades of shares acquired by Canadian employees (excluding formal officers (with the exception of 1 officer) and directors), consultant and service providers of a reporting issuer upon the exercise of options outstanding at the time of the reporting issuer's initial public offering and of certain shares acquired upon the exercise of options prior to the reporting issuer's initial public offering. Because of the unusual circumstances of this case based on a detrimental reliance argument, the ruling was granted. The ruling is not however to be used as a precedent for abridging the seasoning requirements for new reporting issuers under the Act.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am. s. 53, 72(5), 74(1)

**Regulations Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am.,

**Rules Cited**

Ontario Securities Commission Rule 14-501 - *Definitions*.

**IN THE MATTER OF THE SECURITIES ACT  
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
724 SOLUTIONS INC.**

**RULING  
(Subsection 74(1))**

**UPON** the application of 724 Solutions Inc. (the "Corporation") to the Ontario Securities Commission (the "Commission") for a decision pursuant to subsection 74(1) of the Act that the first trades of common shares of the Corporation by certain of the Corporation's Canadian employees, consultants and service providers not be subject to section 53 of the Act:

**AND UPON** considering the application and the recommendation of the staff of the Commission:

**AND UPON** the Corporation having represented to the Commission that:

1. The Corporation designs, develops and markets software that enables the delivery of secure and personalized on-line services over a variety of wired and wireless Internet access devices.

2. The Corporation was incorporated under the *Business Corporations Act* (Ontario) and became a reporting issuer under the Act on January 27, 2000.
3. The authorized share capital of the Corporation consists of an unlimited number of common shares (the "Shares") and an unlimited number of preference shares, issuable in series, of which approximately 37,500,000 Shares and no preference shares were issued and outstanding as at July 19, 2000. The Corporation also has outstanding options (the "Options") to purchase Shares which were issued on or prior to January 27, 2000. The Options, together with issued and outstanding Shares acquired pursuant to the exercise of options issued on or prior to January 27, 2000 (the "Exercised Options"), represent an aggregate of approximately 3,200,000 Shares (the "Option Shares").
4. The Option Shares include, as at July 19, 2000, approximately 249,000 Shares previously issued pursuant to Exercised Options and Options to acquire an aggregate of approximately 1,253,282 Shares (representing less than 5% of the current issued and outstanding Shares) which will have vested prior to July 26, 2000, being the anticipated expiry date of the Lock-Up Period (as defined in paragraph 8 below).
5. The Corporation completed an initial public offering of Shares (the "Offering") on February 2, 2000, which consisted of concurrent offerings of Shares to the public in Canada and the United States. 6,900,000 Shares (5,175,000 in the United States and 1,725,000 in Canada) were sold in the Offering for gross proceeds of approximately Cdn. \$257,400,000. In respect of the Offering the Corporation filed a (final) prospectus with the Commission on January 27, 2000 and a supplemented PREP prospectus on January 28, 2000.
6. The Shares were listed on The Toronto Stock Exchange ("TSE") on February 2, 2000 and were quoted on the if, as and when market of the TSE and the NASDAQ National Market as of January 28, 2000.
7. At the time of the Offering, approximately 38.9% of the Shares were owned by persons resident in Canada and approximately 96% of the Options (and shares acquired pursuant to the exercise of Options) were held by current or former employees, consultants and service providers of the Corporation resident in Ontario (the "Canadian Plan Participants"). The remainder of the Shares and the Options were held by residents of the United States, Finland, the United Kingdom or Asian countries.
8. The directors and formal corporate officers (collectively, the "Senior Management") of the Corporation, all holders of Shares and holders of substantially all of the Options entered into lock-up agreements with the lead underwriter of the Offering prior to the completion of the Offering pursuant to which each agreed not to sell or offer to sell any Shares, including Shares acquired upon the exercise of Options, for a period of 180 days from the date of the (final) prospectus for the Offering

(the "Lock-Up Period") without the lead underwriter's prior written consent.

9. The Corporation has been advised by its U.S. counsel that a substantial number of the Shares held by non-Canadian Shareholders will become available for resale into the public market in the United States upon expiry of the Lock-Up Period or shortly thereafter; specifically, the Corporation has been advised that Rule 144 to the U.S. *Securities Act of 1933* (the "1933 Act") will generally permit non-Canadian Shareholders (subject to specific limits on timing and amounts) to sell their Shares if the Shares have been held for a period of not less than one year from the date of such securities' original issue. In addition, the Corporation's proposed filing of a Registration Statement on Form S-8 will permit the sale of Shares underlying the Options held by U.S. resident employees.
10. Approximately 5% of the Shares outstanding prior to the Offering will be eligible for public resale by non-Canadian Shareholders pursuant to Rule 144 to the 1933 Act on the expiry of the Lock-Up Period and approximately 54% of the Shares outstanding prior to the Offering will be eligible for public resale by non-Canadian Shareholders pursuant to Rule 144 to the 1933 Act in the six months following the Lock-Up Period.
11. Unless the relief requested is granted, Canadian Plan Participants will not be able to effect a trade of the Option Shares held by them until the Corporation has been a reporting issuer in Ontario for at least 12 months.
12. One member of Senior Management (the "Exempted Senior Officer") entered into a transaction that required a portion of his Shares to be traded prior to the expiry of the one year hold period.

**AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;

**IT IS RULED** pursuant to subsection 74(1) of the Act that the first trade in Option Shares by the Canadian Plan Participants, excluding Canadian Plan Participants who are Senior Management but including the Exempted Senior Officer, (each an "Offeree Shareholder") will not be subject to section 53 of the Act provided:

- (i) that at least one year has lapsed from the date the corresponding Option was granted;
- (ii) that such first trades are made in compliance with subsection 72(5) of the Act, except that with respect to such first trades it shall not be necessary to satisfy the requirements in clause 72(5)(a) that the Corporation be a reporting issuer for 12 months but only for 180 days, and it shall not be necessary to satisfy the requirement in clause 72(5)(a) that the Corporation not be in default of any provisions of the Act, the regulations made thereunder, or Commission Rules if the Offeree Shareholder who is trading such Shares is not in a special

relationship with the Corporation or, if such Offeree Shareholder is in a special relationship with the Corporation, the Offeree Shareholder has reasonable grounds for believing that the Corporation is not in default of the Act, the regulations made thereunder, or Commission Rules, where, for these purposes, "special relationship" shall have the same meaning as in Commission Rule 14-501 - *Definitions*; and

- (iii) that with respect to the Exempted Senior Officer, the number of Shares which may be traded by him in reliance on this Order is limited to 15% of the aggregate number of Options and Shares acquired pursuant to the Exercised Options held by him at the time of the Offering.

July 25th, 2000.

"J. A. Geller"

"J. F. Howard"

**2.3.2 Hesperian Capital Management Ltd. - ss.  
74(1)**

**Headnote**

Section 74 - Ruling pursuant to section 74(1) of the Act that the registration requirements of the Act do not apply to Hesperian with respect to its provision of advice to Norrep 2000 Flow-Through Limited Partnership.

**Statutes Cited**

Securities Act R.S.O. 1990, c. S. 5, as am., ss. 25(1)(c) and 74(1).

**IN THE MATTER OF THE SECURITIES ACT (ONTARIO),  
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
HESPERIAN CAPITAL MANAGEMENT LTD.**

**AND**

**NORREP 2000 FLOW-THROUGH LIMITED  
PARTNERSHIP**

**ORDER  
(Section 74(1))**

**UPON** the application of Hesperian Capital Management Ltd. ("Hesperian") to the Ontario Securities Commission (the "Commission") for a ruling under section 74(1) of the Act that Hesperian is not subject to the requirements of subsection 25(1)(c) of the Act with respect to Norrep 2000 Flow-Through Limited Partnership (the "Limited Partnership");

**AND UPON** considering the application and the recommendation of the staff of the Commission;

**AND UPON** Hesperian representing to the Commission as follows:

1. Hesperian is a corporation incorporated under the laws of Alberta. Hesperian is registered as an advisor under the *Securities Act* (Alberta).
2. Hesperian is the parent corporation of the General Partner, a corporation incorporated under the laws of Alberta.
3. The Limited Partnership is an Ontario limited partnership which was formed to invest in, flow-through shares of resource issuers whose shares are listed on a Canadian stock exchange and, to a lesser extent, flow-through shares of private resource issuers, in each case, whose principal business is oil and gas exploration, development and production.
4. The Limited Partnership's principal place of business is Suite 500, 400 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0L6. The Limited Partnership's principal place of

business in Ontario is P.O. Box 50, 1 First Canadian Place, Toronto, Ontario, M5X 1B8. None of the mind or management of the General Partner or Hesperian are in Ontario.

5. Pursuant to an investment management agreement, Hesperian will provide investment, management, administrative and other services to the General Partner on behalf of the Limited Partnership. Hesperian will be appointed as the exclusive manager of all investments on behalf of the Limited Partnership and as such will have the exclusive authority to make all investment decisions with respect to proceeds available for investment.
6. The preliminary prospectus for the Limited Partnership was filed as SEDAR Project No. 276266 on June 13, 2000.
7. All advice provided by Hesperian to the Limited Partnership will be given and received outside Ontario.

**AND WHEREAS** subsection 25(1)(c) of the Act prohibits a company acting as an advisor unless the person or company is registered as an advisor and the registration has been made in accordance with Ontario securities laws;

**AND UPON** the Commission being satisfied that to make this order would not be prejudicial to the public interest;

**IT IS ORDERED** pursuant to subsection 74(1) of the Act that Hesperian and its representatives, partners and officers are not subject to the requirement of subsection 25(1)(c) of the Act in respect of the advice it provides to the Limited Partnership provided that:

1. Hesperian is registered as an adviser under the *Securities Act* (Alberta);
2. no activities in respect of the operation of the Limited Partnership occur in Ontario except in respect of the distribution of units of the Limited Partnership; and
3. Hesperian's advice to the Limited Partnership is given outside the Province of Ontario.

August 11<sup>th</sup>, 2000.

"Howard I. Wetston"

"R. Stephen Paddon"

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## Chapter 3

# Reasons: Decisions, Orders and Rulings

### 3.1 Reasons

#### 3.1.1 Price Warner Securities, Ian Rolin and Lorne Rolin

IN THE MATTER OF THE SECURITIES ACT  
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF  
PRICE WARNER SECURITIES,  
IAN ROLIN AND LORNE ROLIN

Hearing: Thursday, August 3, 2000

Panel: Howard I. Wetston, QC - Chair  
John F. Howard, QC - Commissioner  
Morley P. Carscallen, FCA - Commissioner

Counsel: Johanna M.E. Superina - For the Staff of the Ontario  
Securities Commission  
Michael B. Miller - For Price Warner, Ian Rolin  
Gordon H. Lewis and Lorne Rolin

#### REASONS FOR DECISION

This is another high mark-up case. The order provided to us in its amended form was approved by the Commission on August 3, 2000. These are our reasons for the order. The facts are contained in the settlement agreement and the written submissions provided to the panel.

We note that of the 13 issuers, Price Warner held stock in its inventory, or it exercised the option agreements to acquire the stock in the issuer immediately prior to the commencement of the principal trading in the stock with its clients.

We note that Price Warner resold the stock to its own clients at mark-ups significantly above the acquisition costs ranging from 112 to 574 percent. During the material time, Price Warner's gross revenue from the sale of the stock less the acquisition cost earned from the principal trading in the stock of the 13 issuers was as agreed, \$26.4 million.

We note that Price Warner, Ian Rolin and Lorne Rolin, have admitted that the mark-ups so charged to the clients of Price Warner were excessive. Price Warner has admitted also that in engaging in the conduct described above, Price Warner

may have placed itself in a conflict of interest with its clients, and that its conduct therefore contrary to the public interest.

Moreover, Ian Rolin and Lorne Rolin have admitted that in allowing Price Warner to engage in the conduct set out above, each of the respondents acted in a manner which is contrary to the public interest.

By making these admissions, it is apparent that the respondents have avoided the necessity of the Commission conducting a lengthy hearing into this matter.

Staff counsel referred to a recent decision of the commission in *A.C. MacPherson* (2000), 23 O.S.C.B. 2689, another high mark-up case. In that case, the Commission also imposed an order for the conduct therein. The firm also was acting as the principal on its trading account with its clients and it was also not acting in the best interest of their clients. That is also the case herein. In other words, the conduct was contrary to the public interest.

We also observed that in the settlement agreement, Price Warner may have placed itself in a conflict of interest with its clients. That language suggests some uncertainty, but, in

reviewing the facts underpinning the settlement agreement, we have concluded, in this case, that mark-ups of this nature make it difficult to reach any other conclusion than that the use of such excessive mark-ups was a conflict of interest.

In this regard, it is also likely that the respondents knowingly and repeatedly took advantage of clients who placed their trust in the hands of these individuals and the firm.

Also we emphasize that where the trading by the respondents accounted for a substantial portion, and in most cases a substantial majority, of the trading, this trust is also placed in jeopardy.

We note that the Commission has not yet developed any criteria as to what constitutes a fair mark-up. We have noted the NASD manual and policy which outlines the appropriate conduct for registrants and provides guidelines with respect to such mark-ups. Staff counsel did highlight that the policy refers to a 5 percent policy which is a 5 percent mark-up above a prevailing market price.

However, Ontario Rule 31-505 imposes a duty on all registrants to deal fairly, honestly and in good faith with its clients. We can infer, on the basis of the settlement agreement, that in charging mark-ups ranging from 112 to 574 percent, the respondents have also breached this rule.

August 15<sup>th</sup>, 2000.

"Howard I. Wetston"

"Morley P. Carscallen"

"J. F. Howard"

## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
The Farini Companies Inc.	July 26/00	Aug 08/00	—	---
Caring Products International, Inc.	July 26/00	Aug 08/00	—	---
Fire Fighters Bethesda Group	July 26/00	Aug 08/00	—	---
Golden Maritime Resources Ltd.	July 26/00	Aug 08/00	—	---
Interhop Networks Services Inc.	July 26/00	Aug 08/00	—	---
The Chippery Chip Factory Inc.	July 26/00	Aug 08/00	—	---
Sedna Geotech Inc.	July 26/00	Aug 08/00	—	---
TJR Coatings Inc.	July 26/00	Aug 08/00	—	---
Redaurum Limited	July 26/00	Aug 08/00	—	---
Le Print Express International Inc.	July 26/00	Aug 08/00	—	---
Perial Ltd.	July 26/00	Aug 08/00	—	---
Phoenix Health Group Inc.	July 26/00	Aug 08/00	—	---
Teton Petroleum Company	July 26/00	Aug 08/00	—	---

### 4.1.2 Extending Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
SwissLink Financial Corporation	July 21/00	---	Aug 02/00	---
Wollasco Minerals Inc.	July 21/00	---	Aug 02/00	---
Canuc Resources Corporation	July 21/00	---	Aug 02/00	---
Futureline Communications Co. Ltd.	July 21/00	---	Aug 02/00	---

**Cease Trading Orders**

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<b>Company Name</b>	<b>Date of Order or Temporary Order</b>	<b>Date of Hearing</b>	<b>Date of Extending Order</b>	<b>Date of Rescinding Order</b>
RAM Petroleums Limited	July 21/00	---	Aug 02/00	---
Moneysworth & Best Shore Care Inc.	July 21/00	---	Aug 02/00	---
Link Mineral Ventures Ltd.	July 21/00	---	Aug 02/00	---

## Chapter 5

# Rules and Policies

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### 5.1 Rules

### PART 4 EXEMPTION

#### 5.1.1 OSC Rule 31-507 SRO Membership - Securities Dealers and Brokers

4.1 Exemption – The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

#### ONTARIO SECURITIES COMMISSION RULE 31-507 SRO MEMBERSHIP –SECURITIES DEALERS AND BROKERS

### PART 1 MEMBERSHIP REQUIRED

#### 1.1 Membership Required

- (1) A securities dealer shall be a member of a SRO recognized by the Commission under section 21.1 of the Act.
- (2) A broker shall be a member of a SRO recognized by the Commission under section 21.1 of the Act.

1.2 **Primary Audit Jurisdiction** – A securities dealer or a broker that has its head office located in Ontario shall be subject to the primary audit jurisdiction of the SRO recognized by the Commission of which it is a member.

### PART 2 EFFECTIVE DATE

- 2.1 This Rule shall be effective on March 1, 2001 for an applicant for registration as a securities dealer or broker.
- 2.2 This Rule shall be effective for a securities dealer on the renewal of registration for the securities dealer after March 1, 2001.
- 2.3 This Rule shall be effective for a broker on the renewal of registration for the broker after March 1, 2001.

### PART 3 NOTICE TO SRO

3.1 **Notice** – Every registered securities dealer or broker that intends to make an application for membership in a SRO pursuant to this Rule shall give the SRO written notice of its intention no later than January 1, 2001.

**5.1.2 OSC Rule 31-502 Proficiency Requirements for Registrants, Companion Policy, Designation and Regulation**

**ONTARIO SECURITIES COMMISSION RULE 31-502 PROFICIENCY REQUIREMENTS FOR REGISTRANTS**

**ONTARIO SECURITIES COMMISSION RULE 31-502 PROFICIENCY REQUIREMENTS FOR REGISTRANTS**

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- 3.3 Associate Representatives, Associate Partners and Associate Officers of Investment Counsel and Portfolio Managers

**PART 4 EXEMPTION**

- 4.1 Exemption

**1.1 Definitions - In this Rule**

"Branch Compliance Officer Course" means the course prepared and conducted by the Institute of Canadian Bankers and so named on the effective date and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"Branch Managers Course" means the course prepared and conducted by the Canadian Securities Institute and so named on the effective date, every predecessor to that course and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"Canadian Investment Funds Course" means the course prepared and conducted by the Education Division of The Investment Funds Institute of Canada and so named on the effective date, every predecessor to that course and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"Canadian Investment Manager Program" means the program prepared and conducted by the Canadian Securities Institute and so named on the effective date, every predecessor to that program and every successor to that program that does not materially narrow the content of the significant subject matter of the program;

"Canadian Securities Course" means the course prepared and conducted by the Canadian Securities Institute and so named on the effective date, every predecessor to that course and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"Chartered Financial Analyst Examination Program" means the program prepared and conducted by the Association for Investment Management and Research and so named on the effective date, every predecessor to that program and every successor to that program that does not materially narrow the content of the significant subject matter of the program;

"Conduct and Practices Course" means the course prepared and conducted by the Canadian Securities Institute and so named on the effective date, every predecessor to that course and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"effective date" means the date on which this Rule comes into force;

"Investment Funds in Canada Course" means the course prepared and conducted by the Institute of Canadian Bankers and so named on the effective date, every predecessor to that course and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"LSIF course" means a course designated by the Commission as a labour sponsored investment funds course that provides instruction about labour sponsored investment funds and their securities that is relevant to a person engaged in trading in the securities of labour sponsored investment funds;

"Mutual Fund Branch Managers Course" means the course prepared and conducted by the Education Division of The Investment Funds Institute of Canada and named the "Branch Managers Course" on the effective date, every predecessor to that course and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"Mutual Fund Officers, Partners and Directors Course" means the course prepared and conducted by the Education Division of The Investment Funds Institute of Canada and named the "Officers, Partners and Directors Course" on the effective date, every predecessor to that course and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"New Entrants Examination" means an examination prepared and conducted by the Canadian Securities Institute for new entrants to the securities industry and so named on the effective date, every predecessor to that examination and every successor to that examination that does not materially narrow the content of the significant subject matter of the examination;

"Options Supervisors Course" means the course prepared and conducted to the Canadian Securities Institute and so named on the effective date, every predecessor to that course and every successor to that course that does not materially narrow the content of the significant subject matter of the course;

"Partners, Directors and Senior Officers Qualifying Examination" means the examination prepared and conducted by the Canadian Securities Institute and so named on the effective date, every predecessor to that examination and every successor to that examination that does not materially narrow the content of the significant subject matter of the examination;

"Professional Financial Planning Course" means the course prepared and conducted by the Canadian Securities Institute and so named on the effective date and every predecessor to that course and every successor to that course that does not materially

narrow the content of the significant subject matter of the course;

"restricted representative" means a salesperson of a broker, investment dealer or securities dealer whose registration is restricted to

- (a) the sale of mutual fund securities, or
- (b) accepting unsolicited trade orders from clients provided no advice is provided to clients on the trade order;

"scholarship plan dealers course" means a course designated by the Commission as a scholarship plan dealers course that provides instruction about scholarship plans and their securities that is relevant to a person engaged in trading in the securities of scholarship plans; and

"U.S. Series 7 Examination" means the examination prepared and conducted by securities regulators in the United States of America and so named on the effective date and every predecessor to that examination and every successor to that examination that does not materially narrow the content of the significant subject matter of the examination.

## **1.2 Time Limits on Completion of Courses and Previous Registrations**

- (1) For the purposes of satisfying Parts 2 and 3, except subsection 2.1(2), an applicant for registration or reinstatement of registration must have completed a specified course or examination not more than three years before the date of the applicant's application for registration or reinstatement of registration, or have been previously registered in the relevant category at any time during the three-year period immediately before the date of the applicant's application for registration or reinstatement of registration.
- (2) Despite subsection (1), if a person or company completes, within the three-year period referred to in subsection (1), a specified course or examination for which another specified course or examination is a prerequisite, the specified course or examination that is the prerequisite need not have been completed during the three-year period.

## **PART 2 PROFICIENCY REQUIREMENTS FOR DEALERS**

### **2.1 Salespersons of Brokers, Investment Dealers and Securities Dealers**

- (1) Except as provided in Ontario securities law, an individual shall not be granted registration as a salesperson of a broker, investment dealer or securities dealer unless the individual has

- (a) been granted registration previously as a salesperson, partner or officer of a broker or investment dealer, other than as a restricted representative, or as a broker or investment dealer;
  - (b) been granted registration after the effective date as a salesperson, partner or officer of a securities dealer, other than as a restricted representative, or as a securities dealer;
  - (c) completed each of
    - (i) the Canadian Securities Course, and
    - (ii) the Conduct and Practices Course or the Partners, Directors and Senior Officers Qualifying Examination; or
  - (d) been granted registration as such by his or her principal regulator, as that term is defined in National Instrument 31-101 Mutual Reliance Review System for Registration, and that registration has not been suspended or terminated.
- (2) A registration as a salesperson of a broker, investment dealer or securities dealer granted after the effective date is suspended on the last day of the thirtieth month after the date the registration was granted, despite any renewals in the interim, unless the salesperson has
- (a) completed the Professional Financial Planning Course or the first course of the Canadian Investment Management Program before the registration was granted; or
  - (b) before the end of the thirty-month period
    - (i) completed the Professional Financial Planning Course or the first course of the Canadian Investment Management Program, and
    - (ii) delivered a notice to the Director disclosing the completion of the proficiency in the form required by Ontario securities law for changes to registration information.
- (3) Despite subsection (1), an individual that does not meet the requirements for registration set out in that subsection may be granted registration as a salesperson of a broker, investment dealer or securities dealer if
- (a) the registration is restricted to the sale of mutual fund securities;
  - (b) the individual has
    - (i) been granted registration previously as a salesperson, partner or officer of a mutual fund dealer or as a mutual fund dealer, or
    - (ii) completed any one of the Canadian Securities Course, the Canadian Investment Funds Course or the Investment Funds in Canada Course; and
  - (c) at the date the registration for the individual is granted, the broker, investment dealer or securities dealer that is sponsoring the application has registered with it not more than the lesser of
    - (i) 100 restricted representatives whose registration is restricted to the sale of mutual funds; and
    - (ii) that number of restricted representatives whose registration is restricted to the sale of mutual funds equal to 5% of the total number of representatives registered with the broker, investment dealer or securities dealer.
- (4) Subsection (2) does not apply to a restricted representative.
- (5) Despite subsection (2), a registration as a salesperson of a broker, investment dealer or securities dealer that was a restricted registration is suspended on the last day of the thirtieth month after the date that the restrictions on the registration were removed, despite any renewals in the interim, unless the salesperson has met the requirements of paragraph 2(b).
- (6) The registration of an individual as a salesperson under subsection (3) expires on the date that is 270 days after the date that registration was granted, despite any renewals in the interim, unless the salesperson has completed each of
- (a) the Canadian Securities Course; and
  - (b) the Conduct and Practices Course or the Partners Directors and Senior Officers Qualifying Examination.

**2.2**

**Salespersons of Mutual Fund Dealers - An individual shall not be granted registration as a salesperson of a mutual fund dealer unless the individual has**

- (a) been granted registration previously as a salesperson, partner or officer of a broker, investment dealer, securities dealer or mutual

fund dealer or as a broker, investment dealer, securities dealer or mutual fund dealer; or

- (b) completed any one of the Canadian Securities Course, the Canadian Investment Funds Course or the Investment Funds in Canada Course.

**2.3 Salespersons of Scholarship Plan Dealers - An individual shall not be granted registration as a salesperson of a scholarship plan dealer unless the individual has**

- (a) been granted registration previously as a salesperson of a scholarship plan dealer; or
- (b) completed a scholarship plan dealers course.

**2.4 Brokers, Investment Dealers, Securities Dealers and their Partners, Officers, Branch Managers and Compliance Officers**

- (1) An individual shall not be granted registration as a broker, investment dealer or securities dealer or as a partner or officer of a broker, investment dealer or securities dealer or be designated as the compliance officer under section 1.3 of Rule 31-505 Conditions of Registration by a broker, investment dealer or securities dealer unless the individual has

- (a) been granted registration previously as a partner or officer of a broker or investment dealer or as a broker or investment dealer;
- (b) been granted registration after the effective date as a partner or officer of a securities dealer or as a securities dealer;
- (c) completed the Partners, Directors and Senior Officers Qualifying Examination and the Canadian Securities Course; or
- (d) been granted registration as such by his or her principal regulator, as that term is defined in National Instrument 31-101 National Registration System, and that registration has not been suspended or terminated.

- (2) An individual shall not be designated as a branch manager under section 1.4 of Rule 31-505 Conditions of Registration by a broker, investment dealer or securities dealer unless the individual has

- (a) been granted registration previously as a partner or officer of a broker or investment dealer or as a broker or investment dealer;
- (b) been granted registration after the effective date as a partner or officer of a securities dealer or as a securities dealer; or
- (c) completed the Canadian Securities Course, and

- (i) either

- (A) the Partners, Directors and Senior Officers Qualifying Examination, or
- (B) the Branch Managers Course and the Conduct and Practices Course, and

- (ii) if the individual is responsible for supervising persons who trade in options, the Options Supervisors Course.

- (3) Despite paragraph (2)(c), an individual that is designated as branch manager on the effective date may continue to be so designated until the last day of the thirtieth month after the effective date without successfully completing the Canadian Securities Course or the Branch Managers Course.

- (4) Despite paragraph (2)(c)(ii), an individual that is designated as branch manager on the effective date may continue to be so designated without successfully completing the Options Supervisors Course.

**2.5 Mutual Fund Dealers and their Partners, Officers, Branch Managers and Compliance Officers**

- (1) An individual shall not be granted registration as a mutual fund dealer or as a partner or officer of a mutual fund dealer or designated as the compliance officer under section 1.3 of Rule 31-505 Conditions of Registration by a mutual fund dealer unless the individual has

- (a) been granted registration previously as a partner or officer of a broker, investment dealer, securities dealer or mutual fund dealer or as a broker, investment dealer, securities dealer or mutual fund dealer; or

- (b) completed

- (i) any one of the Canadian Securities Course, the Canadian Investment Funds Course or the Investment Funds in Canada Course, and

- (ii) either the Partners, Directors and Senior Officers Qualifying Examination or the Mutual Fund Officers, Partners and Directors Course.

- (2) An individual shall not be designated as a branch manager under section 1.4 of Rule 31-505 Conditions of Registration by a mutual fund dealer unless the individual has

- (a) been granted registration previously as a partner or officer of a broker, investment dealer, securities dealer or mutual fund

dealer or as a broker, investment dealer, securities dealer or mutual fund dealer; or

(b) completed

- (i) any one of the Canadian Securities Course, the Canadian Investment Funds Course or the Investment Funds in Canada Course, and
- (ii) any one of the Branch Managers Course, the Mutual Fund Branch Managers Course, the Branch Compliance Officer Course, the Partners, Directors and Senior Officers Qualifying Examination or the Mutual Fund Officers, Partners and Directors Course.

**2.6 Trading in Labour Sponsored Investment Fund Securities by Mutual Fund Dealers**

- (1) A mutual fund dealer shall not trade in the securities of a labour sponsored investment fund unless
  - (a) the trade is made through one of its registered salespersons, partners or officers who satisfies the proficiency requirements in subsection (2);
  - (b) the mutual fund dealer has delivered a notice to the Director stating the names of each of its registered salespersons, partners and officers who will be trading in the securities of a labour sponsored investment fund and the date on which the applicable course referred to in subsection (2) was completed by each individual; and
  - (c) within ninety days after the mutual fund dealer's financial year end, the mutual fund dealer delivers a notice to the Director stating the names of each of its registered salespersons, partners and officers who will be trading in the securities of a labour sponsored investment fund and the date on which the applicable course was completed by each individual.
- (2) A registered salesperson, partner or officer of a mutual fund dealer shall not trade in the securities of a labour sponsored investment fund on behalf of a mutual fund dealer unless the salesperson, partner or officer has completed
  - (a) an LSIF course;
  - (b) the Canadian Securities Course on or after October 25, 1993; or
  - (c) the Canadian Securities Course before October 25, 1993 and has been registered and employed as a registrant at any time

during the three year period immediately before the trade.

- 2.7 New Entrants Equivalency** - In this Part, an individual may meet a requirement to complete the Canadian Securities Course or the Conduct and Practices Course by completion of the New Entrants Examination and the U.S. Series 7 Examination.

**PART 3 PROFICIENCY REQUIREMENTS FOR ADVISERS**

**3.1 Securities Advisers and their Representatives, Partners, Officers, Branch Managers and Compliance Officers**

- (1) An individual shall not be granted registration as a securities adviser or a representative, partner or officer of a securities adviser unless
  - (a) the individual has been granted registration previously as a representative, partner or officer or an associate partner or associate officer of a securities adviser, investment counsel or portfolio manager or as a securities adviser, investment counsel or portfolio manager;
  - (b) the individual has
    - (i) completed the Canadian Investment Manager Program or the first year of the Canadian Financial Analyst Examination Program, and
    - (ii) established that the individual performed research involving the financial analysis of investments for at least two years under the supervision of a registered adviser; or
  - (c) the individual has been granted registration as such by his or her principal regulator, as that term is defined in National Instrument 31-101 Mutual Reliance Review System for Registration, and that registration has not been suspended or terminated.
- (2) An individual shall not be designated by a securities adviser as the compliance officer under section 1.3 of Rule 31-505 Conditions of Registration or as a branch manager under section 1.4 of Rule 31-505 Conditions of Registration unless the individual has been granted registration previously as a representative, partner or officer of a securities adviser, investment counsel or portfolio manager.

**3.2 Investment Counsel and Portfolio Managers and their Representatives, Partners, Officers, Branch Managers and Compliance Officers**

(1) An individual shall not be granted registration as an investment counsel or portfolio manager or as a representative, partner or officer of an investment counsel or portfolio manager unless the individual

(a) has been granted registration previously as a representative, partner or officer of an investment counsel or portfolio manager or as an investment counsel or portfolio manager, other than in reliance on section 3.3 or under a registration subject to terms and conditions requiring the individual's advising activities to be supervised;

(b) has

(i) completed either

(A) the Canadian Investment Manager Program and the first year of the Chartered Financial Analysts Examination Program; or

(B) the Chartered Financial Analyst Examination Program, and

(ii) established that the individual has been employed for five years performing research involving the financial analysis of investments, and that three of the five years have been under the supervision of a registered adviser having the responsibility on a discretionary basis for the management or supervision of investment portfolios having an aggregate value of not less than \$5,000,000;

(c) has established that

(i) the individual has

(A) had three years experience as an associate representative, associate partner or associate officer of an investment counsel or portfolio manager;

(B) had three years experience as a registered salesperson of a broker, investment dealer or securities dealer and two years experience as an associate representative, associate partner or associate officer of an investment counsel or portfolio manager;

(C) had three years experience as a research analyst for a broker or investment dealer and two years experience as an associate representative, associate partner or associate officer of an investment counsel or portfolio manager; or

(D) been responsible for the management or supervision of investment portfolios on a discretionary basis having an aggregate value of not less than \$5,000,000 for a period of five years while employed by a Canadian financial institution or a pension fund; and

(ii) the individual has, at the time of application for registration, and has had for a period of one year prior to the time of application, under his or her direct administration on a discretionary basis investment portfolios having an aggregate value of not less than \$5,000,000; or

(d) has been granted registration as such by his or her principal regulator, as that term is defined in National Instrument 31-101 Mutual Reliance Review System for Registration, and that registration has not been suspended or terminated.

(2) An individual shall not be designated by an investment counsel or portfolio manager as the compliance officer under section 1.3 of Rule 31-505 Conditions of Registration or as a branch manager under section 1.4 of Rule 31-505 Conditions of Registration unless the individual has been granted registration previously as a representative, partner or officer of an investment counsel or portfolio manager, other than in reliance on section 3.3 or under a registration subject to terms and conditions requiring the individual's advising activities to be supervised, or as an investment counsel or portfolio manager.

**3.3 Associate Representatives, Associate Partners and Associate Officers of Investment Counsel and Portfolio Managers**

(1) An individual may be granted registration as an associate representative, associate partner or associate officer of an investment counsel or portfolio manager if the individual has

(a) completed

ONTARIO SECURITIES COMMISSION  
COMPANION POLICY 31-502CP  
PROFICIENCY REQUIREMENTS FOR REGISTRANTS

- (i) the Canadian Investment Manager Program and the first year of the Chartered Financial Analyst Examination Program, or
  - (ii) the Chartered Financial Analyst Examination Program; and
- (b) been employed for
- (i) two years performing research involving the financial analysis of investments, or
  - (ii) two years as a registered salesperson of a broker, investment dealer or securities dealer.
- (2) An individual who is registered as an associate representative, associate partner or associate officer of an investment counsel or portfolio manager shall not give advice unless the advice has been approved by a designated registered representative, partner or officer of the investment counsel or portfolio manager that employs the individual.
- (3) An investment counsel or portfolio manager that employs an associate representative, associate partner or associate officer shall designate a representative, partner or officer that is not an associate representative, associate partner or associate officer to approve advice given by an associate representative, associate partner or associate officer.
- (4) The designated representative, partner or officer described in subsection (3) shall be employed at the same location as the associate representative, associate partner or associate officer whose advice must be approved.

**PART 1 PROFICIENCY REQUIREMENTS FOR REGISTRANTS**

- 1.1 Alternative Qualifications for LSIF Salespersons -** The Director will consider granting an exemption to section 2.6 of Rule 31-502 Proficiency Requirements for Registrants (the "Rule") to any person or company if the Director is satisfied that to do so would not be prejudicial to the public interest, having regard to the spirit and intent of the *Community Small Business Investment Funds Act*.
- 1.2 Alternative Qualifications -** The Director will consider granting an exemption to any of sections 2.1 to 2.5 and 3.1 to 3.3 of the Rule to any person or company if the Director is satisfied that the person or company has qualifications or experience that are equivalent to, or more appropriate in the circumstances than, the qualifications or experience required under the section.
- 1.3 Supervision by Non-Registered Advisers -** For the purposes of establishing experience that is equivalent to, or more appropriate in the circumstances than, the experience under the supervision of a registered adviser in subparagraph 3.1(1)(b)(ii) and subparagraph 3.2(1)(b)(ii) of the Rule, the Director will consider, among other relevant factors, experience under the supervision of
- (a) an unregistered investment manager of a Canadian financial institution;
  - (b) an adviser that is registered in a jurisdiction other than Ontario or a foreign jurisdiction; or
  - (c) an adviser that is not required to be registered under the laws of the jurisdiction or foreign jurisdiction in which the adviser carries on business.

**PART 4 EXEMPTION**

- 4.1 Exemption -** The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

**ONTARIO SECURITIES COMMISSION  
STAFF NOTICE 31-702 OF  
ONTARIO SECURITIES COMMISSION DESIGNATION OF  
COURSES UNDER RULE 31-502  
PROFICIENCY REQUIREMENTS FOR REGISTRANTS**

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**PART 1 INTERPRETATION**

- 1.1 Interpretation** - In this Designation, terms defined in Rule 31-502 Proficiency Requirements for Registrants (the "Rule") have the respective meanings ascribed to them in that Rule.

**PART 2 DESIGNATIONS**

**2.1 LSIF Courses**

- (1) The course, which, at the effective date of the Rule, is entitled "Labour Sponsored Investment Funds" prepared and conducted by the Investment Funds Institute of Canada and every successor to that course that does not narrow the significant subject matter of the course is designated by the Commission as an LSIF course under the Rule.
- (2) The course, which, at the effective date of the Rule, is entitled "Labour Sponsored Investment Funds" prepared and previously conducted by Steven G. Kelman and Associates Limited ("Kelman")(the "Kelman Course") is designated by the Commission as an LSIF course under the Rule for registrants who completed the course prior to December 1, 1998.

**2.2 Scholarship Plan Dealers' Courses**

- (1) The scholarship plan dealers' courses prepared and conducted by each of Scholarship Consultants of North America, C.S.T. Consultants Inc., Canadian American Financial Corp. (Canada) Limited, Global Educational Marketing Corporation and Education Fund Services Inc. as they exist on the effective date, every predecessor of one of those courses and every successor to one of those courses that does not narrow the scope of the significant subject matter of the course, are designated by the Commission as scholarship plan dealers' courses under Rule 31-502 Proficiency Requirements for Registrants.
- (2) If the Commission is of the view that it is in the public interest to terminate any of the designations in subsection (1), it may do so after giving the affected party the opportunity to be heard.

**REGULATION TO AMEND  
REGULATION 1015 OF THE REVISED  
REGULATIONS OF ONTARIO, 1990  
MADE UNDER THE SECURITIES ACT**

Note: Since the end of 1998, Regulation 1015 has been amended by Ontario Regulations 1/99, 322/99, 3/00, 108/00, 133/00 and 222/00. Previous amendments are listed in the Table of Regulations in the Statutes of Ontario, 1998.

1. Section 96 Regulation 1015 of the Revised Regulations of Ontario, 1990 is amended by striking out the following definitions:

1. "Canadian Investment Finance Course".
2. "Canadian Investment Funds Course".
3. "Canadian Securities Course".
4. "Chartered Financial Analysts Course".
5. "Partners', Directors' and Senior Officers' Qualifying Examination".
6. "Registered Representative Examination".

2. Section 124 of the Regulation is revoked.

3. Section 126 of the Regulation is revoked.

4. Subsection 130 (1) of the Regulation is amended by inserting after "subsections (2) and (2.1)" "and except as otherwise provided in Ontario Securities Commission Rule 31-502 *Proficiency Requirements for Registrants*".

5. The definition of "Labour Sponsored Investment Fund Course" in section 234 of the Regulation is revoked.

6. Section 236 of the Regulation is revoked.

7. This Regulation comes into force on the day the rule made by the Ontario Securities Commission on June 20, 2000 entitled "Ontario Securities Commission Rule 31-502 *Proficiency Requirements for Registrants*" comes into force.

ONTARIO SECURITIES COMMISSION:

"John A. Geller", *Vice Chair*

"Howard I. Wetston", *Vice Chair*

Dated on June 20, 2000.

**Note:** The rule made by the Ontario Securities Commission on June 20, 2000 entitled "Ontario Securities Commission Rule 31-502 *Proficiency Requirements for Registrants*" comes into force on August 17, 2000.

**Chapter 6**

**Request for Comments**

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IN THIS ISSUE

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://www.carswell.com)).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

### Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

### Reports of Trades Submitted on Form 45-501f1

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
07Jul00	BPI American Opportunities Fund - Units	1,726,071	11,482
20Jul00	C-MAC Industries Inc. - Common Shares	14,000,000	165,308
13Jul00	Canadian Golden Dragon Resources Ltd. - Common Shares	3,750 (\$0.15/Sh) & 2,400 (\$0.16/Sh) Resp.	25,000 & 15,000
17Jul00	Canadian Zinc Corporation - Units	750,000	1,500,000
26Jul00	East West Resource Corporation - Common Shares	3,750	25,000
23Feb00	Indian Motorcycle Company - Common Stock	US \$801,250	223,000
25Apr00	itravel2000.com inc. - Convertible Debentures	\$4,050,000	\$4,050,000
14Jul00	Kingwest Avenue Portfolio Fund - Units of Undivided Interests	1,882,217	101,362
06Jul00	Lifepoints Achievement Fund, Lifepoints Opportunity Fund & Lifepoints Progress Fund - Units	14,258	112
07Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund & Lifepoints Opportunity Fund - Units	4,430	33
05Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund & Lifepoints Opportunity Fund - Units	13,806	110
07Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund & Russell Global Equity Fund - Units	21,672	163
05Jul00	Lifepoints Achievement Fund - Units	625	5
12Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund & Russell Global Equity Fund - Units	200,983	1,521
05Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund & Lifepoints Opportunity Fund - Units	1,919	14
13Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund, Russell Canadian Equity Fund & Russell Global Equity Fund - Units	1,644	13
13Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund & Lifepoints Opportunity Fund - Units	172,003	1,346
13Jul00	Lifepoints Achievement Fund & Russell Overseas Equity Fund - Units	1,172,616	9,067
06Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund, Russell Canadian Equity Fund & Russell Global Equity Fund - Units	223,918	2,962

**Notice of Exempt Financings**

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
08Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund & Russell Global Equity Fund - Units	23,778	178
10Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund & Lifepoints Opportunity Fund - Units	30,985,674	245,843
12Jul00	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell US Equity Fund & Russell Overseas Fund - Units	63,658	339
06Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund & Russell Canadian Equity Fund - Units	1,300,449	9,006
05Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund & Lifepoints Opportunity Fund - Units	44,323	342
11Jul00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Overseas Equity Fund & Russell US Equity Fund - Units	71,281	555
12Jul00	Lifepoints Achievement Fund & Russell Overseas Equity Fund - Units	18,358,823	139,777
12Jul00	Lifepoints Opportunity Fund & Russell Overseas Equity Fund - Units	25,256	181
10Jul00	Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund & Russell Overseas Equity Fund - Units	268,386	1,863
06Jul00	Lifepoints Opportunity Fund, Lifepoints Achievement Fund, Russell Canadian Equity Fund & Russell Overseas Equity Fund	109,227	587
13Jul00	Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund & Russell Overseas Equity Fund - Units	1,085,877	7,097
05Jul00	Lifepoints Progress Fund, Russell Canadian Equity Fund & Russell Overseas Equity Fund - Units	55,610	390
06Jul00	Lifepoints Progress Fund - Units	83,205	676
12Jul00	Lifepoints Progress Fund - Units	352	2
11Jul00	Lifepoints Progress Fund, Lifepoints Achievement Fund & Russell Canadian Equity Fund - Units	35,975	205
06Jul00	Lifepoints Progress Fund & Russell Canadian Fixed Income Fund - Units	549	4
07Jul00	Lifepoints Progress Fund & Lifepoints Opportunity Fund - Units	4,730	36
08Jul00	Lifepoints Progress Fund - Units	731	5
11Jul00	Lifepoints Progress Fund & Lifepoints Opportunity Fund - Unit	123	0.994
18Jul00	Network Engines, Inc. - Shares of Common Stock	527,646	21,000
01Apr00 to 30Jun00	Royal Trust Company, The - Units (See document for details)	64,145,876	
07Jul00	Russell Canadian Equity Fund & Russell Overseas Equity Fund - Units	2,585	14
05Jul00	Russell Canadian Equity Fund - Units	46,017	197
06Jul00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund & Russell Overseas Equity Fund - Units	1,821,512	11,948
12Jul00	Russell Canadian Fixed Income Fund - Units	35,898,057	312,902
07Jul00	Russell Canadian Fixed Income Fund & Russell US Equity Fund - Units	40,000,000	321,414
12Jul00	Russell Global Equity RRSP Fund, Russell US Equity Fund & Russell Overseas Equity Fund - Units	3,469,463	25,334
12Jul00	Russell Overseas Equity Fund - Units	108,064	740
27Jul00	Southern Africa Minerals Corporation - Convertible Debentures	\$400,000	\$400,000
17Jul00 to 21Jul00	Trimark Mutual Funds - Units (See document for individual fund names)	4,533,649	517,448
10Jul00 to 14Jul00	Trimark Mutual Funds - Units (See document for individual fund names)	4,858,909	576,661
12Jun00 to 16Jun00	Trimark Mutual Funds - Units (See document for individual fund names)	6,327,252	772,195
24Jul00 to 28Jul00	Trimark Mutual Funds - Units (See document for individual fund names)	4,778,505	576,969
04Jul00 to 07Jul00	Trimark Mutual Funds - Units (See document for individual fund names)	4,289,115	497,416

- Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
09Mar00	WiredMerchant.com Inc. - Amended - Special Warrants	3,900,000	5,200,000
07Jul00	YMG Capital Management Inc. - Units	9,099,911	
25Jul00	YMG Capital Management Inc. - Units	150,000	

**Reports Made under Subsection 5 of Subsection 72 of the Act with Respect to Outstanding Securities of a Private Company That Has Ceased to Be a Private Company -- (Form 22)**

<u>Name of Company</u>	<u>Date the Company Ceased to be a Private Company</u>
BRC Development Corporation	27Sep99
Impatica.com Inc.	09Nov99

**Notice of Intention to Distribute Securities Pursuant to Subsection 7 of Section 72 - (Form 23)**

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Obradovich, Thomas J.	Canadian Royalties Inc. - Common Shares	650,000
Melnick, Larry	Champion Gold Resources Inc. - Subordinate Voting Shares & Multiple Voting Shares	98,824 & 100,000 Resp.
Fundeco Inc.	IAMGold Corporation - Common Shares	150,000
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	1,360,124
Martin, Rick	Liberty Oil & Gas Ltd. - Common Shares	87,734
Baran, Steve	Meridian Resources Inc. - Shares	4,500,000
Gastle, Susan M.S.	Microbix Biosystems Inc. - Common Shares	295,000
BRC Development Corporation	NevadaBobs.com Inc. - Common Shares	2,300,000
Oncan Canadian Holdings Ltd.	Onex Corporation - Subordinate Voting Shares	984,800
Jaguar Exploration Corp., Devonshire & Associates Management Services, Glen Harper & Debbie Harper	Parton Capital Inc. - Common Shares	2,250,000
126987 Canada Ltd.	Speedware Corporation Inc. - Common Shares	1,499,900
Hawkins, Stanley G.	Tandem Resources Ltd. - Common Shares	2,000,000

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**Chapter 9**  
**Legislation**

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

Global Strategy European Plus RSP Fund (Formerly Global Strategy Diversified Europe Fund)  
Global Strategy Japan Plus RSP Fund (Formerly Global Strategy Diversified Japan Plus Fund)  
Global Strategy World Equity RSP Fund (Formerly Global Strategy Diversified World Equity Fund)  
Global Strategy World Bond RSP Fund (Formerly Global Strategy Diversified World Bond Fund )  
Principal Regulator - Ontario

**Type and Date:**

Amended Simplified Prospectus and Annual Information Form dated January 7th, 2000  
Mutual Reliance Review System Receipt dated 21st day of July, 2000

**Offering Price and Description:**

Mutual Fund Units - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

N/A

**Promoter(s):**

Global Strategy Financial Inc.

Project #216957

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**Issuer Name:**

Aludra Inc.

**Type and Date:**

Final Prospectus dated August 9th, 2000  
Receipted 11th day of August, 2000

**Offering Price and Description:****Underwriter(s), Agent(s) or Distributor(s):**

Hayes Bustin Securities Inc.

**Promoter(s):**

Aldo Baiocchi

Project #279861

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**Issuer Name:**

GT Group Telecom Inc.

Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated August 9th, 2000  
Mutual Reliance Review System dated 14th day of August, 2000.

**Offering Price and Description:****Underwriter(s), Agent(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

Project #279820

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**Issuer Name:**

Kicking Horse Resources Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Prospectus dated July 27th, 2000  
Mutual Reliance Review System Receipt dated 31st day of July, 2000

**Offering Price and Description:****Underwriter(s), Agent(s) or Distributor(s):**

Ballantrae Capital Corporation

**Promoter(s):**

N/A

Project #260672

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**Issuer Name:**

Navigator Managed Futures Fund

Principal Regulator - British Columbia

**Type and Date:**

Final Prospectus dated July 14th, 2000  
Mutual Reliance Review System Receipt dated 19th day of July, 2000

**Offering Price and Description:****Underwriter(s), Agent(s) or Distributor(s):**

N/A

**Promoter(s):**

Matisse Investment Management Ltd.

Project #273548

**Issuer Name:**

CIBC Canadian T-Bill Fund  
CIBC Premium Canadian T-Bill Fund  
CIBC Money Market Fund  
CIBC U.S. Dollar Money Market Fund  
CIBC Canadian Short-Term Bond Index Fund  
CIBC Mortgage Fund  
CIBC Canadian Bond Index Fund  
CIBC Canadian Bond Fund  
CIBC Monthly Income Fund  
CIBC Global Bond Index Fund  
CIBC Global Bond Fund  
CIBC Balanced Fund  
CIBC Dividend Fund  
CIBC Canadian Index Fund  
CIBC Core Canadian Equity Fund  
Canadian Imperial Equity Fund  
CIBC Capital Appreciation Fund  
CIBC Canadian Small Companies Fund  
CIBC Canadian Emerging Companies Fund  
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CIBC Precious Metals Fund  
CIBC North American Demographics Fund  
CIBC Nasdaq Index RRSP Fund  
CIBC Nasdaq Index Fund  
CIBC Global Technology Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated August 9th, 2000

Mutual Reliance Review System Receipt dated 10th day of August, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #275700**

**Issuer Name:**

Emerald Canadian Short Term Investment Fund  
Emerald Canadian Equity Fund  
Emerald Canadian Bond Fund  
Emerald International Equity Fund  
Emerald U.S. Market Fund  
Emerald Global Government Bond Fund  
Emerald Balanced Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated August 8th, 2000

Mutual Reliance Review System Receipt dated 15th day of August, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

TD Asset Management Inc.

**Promoter(s):**

TD Asset Management Inc.

**Project #278034**

**Issuer Name:**

Friedberg Foreign Bond Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated August 10th, 2000

Mutual Reliance Review System Receipt dated 15th day of August, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Friedberg Mercantile Group

**Promoter(s):**

Friedberg Mercantile Group

**Project #279730**

**Issuer Name:**

Harbour Fund  
Harbour Growth & Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated July 17th, 2000

Mutual Reliance Review System Receipt dated 20th day of July, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Registered

**Promoter(s):**

C.I. Mutual Funds Inc.

**Project #275096**

**Issuer Name:**

Pharmaceutical Trust, 2000 Portfolio  
Technology Trust, 2000 Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated August 11th, 2000  
Mutual Reliance Review System Receipt dated 16th day of  
August, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

First Defined Portfolio Management Inc.

**Promoter(s):**

First Defined Portfolio Management Inc.

Project #280472

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**Issuer Name:**

Russell Canadian Equity Fund  
Russell Canadian Fixed Income Fund  
Russell US Equity Fund  
Russell Overseas Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated August 4th, 2000  
Mutual Reliance Review System Receipt dated 10th day of  
August, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Registered Dealer

**Promoter(s):**

Frank Russell Canada Limited

Project #230924

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**Issuer Name:**

Signature American Small Companies Fund  
Signature American Small Companies RSP Fund  
Signature Canadian Fund  
Signature Dividend Equity Fund  
Signature Explorer Fund  
Signature Global Small Companies Fund  
Signature Global Small Companies RSP Fund  
Signature Canadian Balanced Fund  
(Class A and F Units)  
Signature Canadian Resource Fund  
Signature Corporate Bond Fund  
Signature Dividend Fund  
Signature Dividend Income Fund  
Signature High Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated July 17th, 2000  
Mutual Reliance Review System Receipt dated 19th day of  
July, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s), Agent(s) or Distributor(s):**

Registered Dealer

**Promoter(s):**

C.I. Mutual Funds Inc.

Project #275102

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**Issuer Name:**

Russell Global Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated January 7th, 2000  
Withdrawn 10th day of August, 2000

**Offering Price and Description:**

**Underwriter(s), Agent(s) or Distributor(s):**

Registered Dealer

**Promoter(s):**

Frank Russell Canada Limited

Project #230924

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## Chapter 12

# Registrations

### 12.1.1 Securities

Type	Company	Category of Registration	Effective Date
Change of Name	UBS Asset Management International Limited Attention: Paul Moore Torys TD Centre, IBM Tower Box 270 Toronto, ON M5K 1N2	From: Phillips & Drew International Investment Limited  To: UBS Asset Management International Limited	Jul 17/00
New Registration	Sheridan Securities Inc. Attention: James Albert Sheridan 41 King St. W. Brockville, ON K6V 3P7	Investment Dealer Equities Options	Aug 14/00
Change in Category	W.H. Stuart Mutuals Ltd. Attention: Walter Howard Stuart 11 Allstate Parkway Suite 410 Markham, ON L3R 9T8	From: Mutual Fund Dealer Limited Market Dealer  To: Mutual Fund Dealer	Aug 14/00
New Registration	Marsh & McLennan Securities Corporation c/o Blaney McMurtry LLP Attention: Michael J. Bennett 20 Queen Street West Suite 1400 Toronto, ON M5H 2V3	International Dealer	Aug 15/00
New Registration	ANZ Securities, Inc. Attention: Kenneth G. Ottenbreit 152928 Canada Inc. P.O. Box 85 Suite, 5300, Commerce Court West Toronto, ON M5L 1B9	International Dealer	Aug 15/00
New Registration	JVK Life & Wealth Advisory Group Inc. Attention: John Walter James Niekraszewicz 144 Main St. N., Unit 9 Markham, ON L3P 5T3	Mutual Fund Dealer	Aug 15/00
New Registration	Firestar Capital Management Corporation Attention: Michael Ciavarella 1155 Barmac Drive Suite 204 Weston, ON M9L 1X4	Limited Market Dealer	Aug 15/00

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## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1 SRO Notices and Disciplinary Decisions

of \$993,000. Following final calculations, the Member reported that unresolved differences rose to \$2,622,000.

#### 13.1.1 Taurus Capital Markets Ltd.

**BULLETIN #2757**  
August 11, 2000

The Member had discussions with the Association from April 28, 2000 through to May 3, 2000 in regard to the unresolved differences. Once it was identified that the problem was with the back office, additional experienced staff was hired, including a new CFO, to correct the deficiencies.

**DISCIPLINE PENALTIES IMPOSED ON  
TAURUS CAPITAL MARKETS LTD.  
- VIOLATION OF BY-LAW 29.1**

The Member corrected all problems concerning unresolved differences on May 4, 2000.

#### Person Disciplined

Susanne M. Barrett  
Association Secretary

The Ontario District Council of the Investment Dealers Association of Canada has imposed a discipline penalty on **Taurus Capital Markets Ltd.**, a Member of the Association (the Member).

#### By-laws, Regulations, Policies Violated

On August 10, 2000, the Ontario District Council considered, reviewed and accepted a settlement agreement negotiated between the Member and staff of the Enforcement Division of the Association. The Member has admitted that, as of March 8, 2000 through May 4, 2000, while a Member of the Association, it engaged in business conduct that was unbecoming or detrimental to the public interest in that it failed to have adequate internal controls in place to handle the repatriation of its back office, contrary to By-law 29.1 of the Association.

#### Penalty Assessed

The discipline penalty assessed against the Member is a fine of \$30,000. The Member is also required to pay \$1,500 towards the Association's costs of investigating this matter.

#### Summary of Facts

Prior to March 8, 2000 the Member was a Type 4 introducing broker in an introducing broker/carrying broker relationship with Canada Trust Securities Inc. (CTSI). Effective March 8, 2000 the Member repatriated operation of its back office functions from CTSI.

The Member experienced problems with the repatriation. The problems revolved around unsettled trades due to high volumes during the relevant time, lack of experienced staff and inadequate preparation, planning and execution of the repatriation, resulting in unresolved differences.

The Member notified the Association shortly after March 8, 2000 to advise of the problems with unresolved differences and the actions that it was taking to correct the situation.

During the relevant period of time the Member was filing daily reports with the Association indicating unresolved differences

**13.1.2 Taurus Capital Markets Limited -  
Settlement Agreement**

BULLETIN NO.

IN THE MATTER OF  
DISCIPLINE PURSUANT TO BY-LAW 20 OF THE  
INVESTMENT DEALERS ASSOCIATION OF CANADA

RE: TAURUS CAPITAL MARKETS LIMITED

**SETTLEMENT AGREEMENT**

**I. INTRODUCTION**

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Taurus Capital Markets Limited ("the Respondent").
2. The Investigation discloses matters for which the District Council of the Association (the "District Council") may penalize the Respondent by imposing discipline penalties.

**II. JOINT SETTLEMENT RECOMMENDATION**

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.
4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.
5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.
6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

**III. STATEMENT OF FACTS**

**I. Acknowledgment**

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

**(i) Factual Background**

8. The Respondent was at all material times a Member of the Association.

9. Prior to March 8, 2000 the Respondent was a type four introducing broker in an introducing broker /carrying broker relationship with Canada Trust Securities Inc. ("CTSI").
10. Effective March 8, 2000 the Respondent repatriated operation of its back office functions from CTSI.
11. The Respondent experienced problems with the repatriation. The problems revolved around unsettled trades due to high volumes during the relevant time, lack of experienced staff and inadequate preparation, planning and execution of the repatriation, resulting in unresolved differences.
12. The Respondent notified the Association shortly after March 8, 2000 to advise of the problems with unresolved differences and the actions that it was taking to correct the situation.
13. During the relevant period of time the Respondent was filing daily reports with the Association indicating unresolved differences of \$993,000. Following final calculations, the Respondent reported that unresolved differences rose to \$2,622,000.
14. The Respondent had discussions with the Association from April 28, 2000 through to May 3, 2000 in regard to the unresolved differences. Once it was identified that the problem was with the back office, additional experienced staff was hired, including a new CFO, to correct the deficiencies.
15. The Respondent corrected all problems concerning unresolved differences on May 4, 2000.
16. The Respondent admits that its business conduct fell below the standard expected of a Member of the Association, as set forth in the Association By-laws, which resulted in the unresolved differences.

**IV. CONTRAVENTIONS**

17. As of March 8, 2000 through to May 4, 2000, the Respondent, while a Member of the Association, engaged in business conduct that was unbecoming or detrimental to the public interest in that it failed to have adequate controls in place to handle the repatriation of its back office operations, contrary to By-law 29.1.

**V. ADMISSION OF CONTRAVENTIONS**

18. The Respondent admits the contravention of the By-laws of the Association noted in Section IV of this Settlement Agreement.

**VI. DISCIPLINE PENALTIES**

19. The Respondent accepts the discipline penalties imposed by the Association pursuant to this Settlement Agreement as follows:
  - (a) for the Contravention as set out in section IV paragraph 17, a fine in the amount of \$30,000,

payable to the Association within one month of the effective date of this Settlement Agreement;

- (b) for the Contravention as set out in section IV paragraph 17, a condition that in the event the Respondent fails to comply with any of these discipline penalties within the time prescribed, the district council may upon application by the Senior Vice-President Member Regulation and without further notice to the Respondent suspend the approval of the Respondent until the penalties are complied with.

**VII. ASSOCIATION COSTS**

- 20. Pursuant to By-law 20.12 the Respondent shall pay the Association's costs of this proceeding in the amount of \$1,500, payable to the Association within one month of the effective date of this Settlement Agreement.

**VIII. EFFECTIVE DATE**

- 21. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms upon:

- (a) its acceptance; or
- (b) the imposition of a lesser penalty or less onerous terms; or
- (c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

**IX. WAIVER**

- 22. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives its right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available pursuant to such By-laws or any applicable legislation.

**X. STAFF COMMITMENT**

- 23. If this Settlement Agreement becomes effective and binding, Staff will not proceed with any disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

**XI. PUBLIC NOTICE OF DISCIPLINE PENALTY**

- 24. If this Settlement Agreement becomes effective and binding:

- (a) the Respondent shall be deemed to have been penalized pursuant to By-law 20.10 for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons,

organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements;

- (b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

**XII. EFFECT OF REJECTION OF SETTLEMENT AGREEMENT**

- 25. If the District Council rejects this Settlement Agreement:

- (a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and
- (b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

**AGREED** to by the Respondent at the "City" of "Toronto", in the Province of Ontario, this "5th" day of "July", 2000.

"Leonard Latchman"  
**PER: TAURUS CAPITAL MARKETS LIMITED**

**AGREED TO** by Staff at the City of Toronto, in the Province of Ontario, this "14th" day of "July", 2000.

"Gillian Roberts"  
WITNESS

"Natalija Popovic"  
Enforcement Counsel, on behalf of the Staff of the  
Investment Dealers Association of Canada

**ACCEPTED** by the Ontario District Council of the Investment Dealers Association of Canada, at the City of "Toronto", in the Province of Ontario, this "12th" day of "August", 2000.

**INVESTMENT DEALERS ASSOCIATION OF CANADA**  
(Ontario District Council)

Per: "Fred Kaufman" - Chairperson

Per: "Robert Guilday"

Per: "David Kerr"

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Chapter 25  
**Other Information**

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